

*A copy of this preliminary short form prospectus has been filed under legislation in each of the provinces of Canada other than Quebec but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.*

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This preliminary short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. See "Plan of Distribution".*

*The securities offered by this short form prospectus have not been, and will not be, registered under the United States Securities Act of 1933, as amended, (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States (as such term is defined under Regulation S promulgated under the U.S. Securities Act) or to, or for the account or benefit of, a U.S. person (as such term is defined under Regulation S promulgated under the U.S. Securities Act ("U.S. Person")), except in compliance with the registration requirements of the U.S. Securities Act and applicable state securities requirements or pursuant to exemptions therefrom. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States. See "Plan of Distribution".*

*Information has been incorporated by reference in this preliminary short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Executive Officer of PesoRama Inc. at, 77 King Street West, TD North Tower, Suite 700, Toronto, ON, M5K 1G8, Telephone (647) 471-6476, and are also available electronically at [www.sedar.com](http://www.sedar.com)*

## PRELIMINARY SHORT FORM PROSPECTUS

New Issue

October 6, 2022



PESORAMA INC.

\$[•]  
[•] Units  
\$[•] per Unit

This preliminary short form prospectus (the "**Prospectus**") is being filed in each of the provinces of Canada except Quebec (the "**Qualifying Jurisdictions**") by PesoRama Inc. (the "**Company**") to qualify the distribution of [•] units of the Company (each, a "**Unit**") at a price of \$[•] per Unit (the "**Offering Price**") for gross proceeds of \$[•] (the "**Offering**"). Each Unit is comprised of one common share in the capital of the Company (each a "**Common Share**") and one Common Share purchase warrant (each, a "**Warrant**"), with each Warrant entitling the holder thereof to purchase one additional Common Share (each, a "**Warrant Share**") at a price of \$[•] per Warrant Share at any time on or before 5:00 p.m. (Toronto time) on the date that is [•] months following the date of closing of the Offering (the "**Expiry Date**"), subject to adjustment in certain events. The Units will be issued and sold, on a commercially reasonable "best efforts" agency basis, without underwriter liability, pursuant to an agency agreement (the "**Agency Agreement**") dated [•] between the Company and Canaccord Genuity Corp. ("**Canaccord**") as sole bookrunner and together with Richardson Wealth Limited ("**Richardson**") and Cormark Securities Ltd. ("**Cormark**" and together with Canaccord and Richardson, the "**Agents**" and, individually, an "**Agent**"). See "*Plan of Distribution*".

The Company has granted to the Agents an over-allotment option (the "**Over-Allotment Option**"), exercisable in whole or in part, at any time and from time to time for a period of thirty (30) days after and including the Closing Date, (as defined herein), to purchase up to an additional [•] Units (the "**Option Units**") at the Offering Price, representing up to 15% of the Units issued pursuant to the Offering, to cover over-allocations, if any, and for market stabilization purposes. The Agents can elect to exercise the Over-Allotment Option for Option Units, Common Shares, Warrants or any combination thereof. This Prospectus also qualifies the grant of the Over-Allotment Option and the distribution of Option Units, Common Shares and/or Warrants issuable pursuant to the exercise of the Over-Allotment Option. A purchaser who acquires Option Units, Common Shares and/or Warrants issuable forming part of the Agents' over-allocation position acquires such Option Units, Common Shares and/or Warrants issuable under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. References in this Prospectus to the "Units" includes the Option Units, and references in this Prospectus to the "Offering" includes the Over-Allotment Option, if and to the extent exercised. See "*Plan of Distribution*".

The Common Shares are traded on the TSX Venture Exchange (the "TSXV") under the symbol "PESO". On [•], the last trading day prior to the announcement of the Offering, the closing prices of the Common Shares on the TSXV was \$[•], respectively, and on October 5, 2022, the last trading day prior to the filing of this Prospectus, the closing price of the Common Shares on the TSXV was \$0.21. The Company has applied to the TSXV for conditional approval for the listing of the Common Shares, the Common Shares issuable on the exercise of the Warrants and the Warrants comprising the Units, the Option Units, and the Agents' Units (as defined herein). Listing will be subject to the Company fulfilling all of the listing requirements of the TSXV.

	Price to the Public <sup>(1)</sup>		Agents' Fee <sup>(2)</sup>		Net Proceeds to the Company <sup>(3)</sup>
Per Unit	[•]		[•]		[•]
Total <sup>(4)</sup>	[•]		[•]		[•]

Notes:

- (1) The Offering Price was determined by arm's length negotiation between the Company and the Agents, with reference to the prevailing market price of the Common Shares.
- (2) In consideration for the services rendered by the Agents in connection with the Offering, the Agents will be paid a cash fee (the "Agents' Fee") equal to 7% of the gross proceeds of the Offering (including pursuant to any exercise of the Over-Allotment Option). In addition, the Agents will be issued options ("Agent Options") entitling the Agents to purchase that number of Units (the "Agents' Units") equal to 7% of the number of Units sold pursuant to the Offering (including pursuant to any exercise of the Over-Allotment Option). Each Agent Option entitles the holder to purchase one Agents' Unit at the Offering Price for a period of [•] months after the closing of the Offering. This Prospectus qualifies the grant of the Agent Options to the Agents. See "Plan of Distribution" and "Description of the Securities Being Distributed – Agent Options".
- (3) After deducting the Agents' Fee, but before deducting expenses of the Offering including in connection with the preparation and filing of this Prospectus (estimated to be approximately \$[•]), which will be paid from the gross proceeds of the Offering. The estimated expenses of the Offering include payment of a corporate finance fee of \$50,000 to Canaccord (the "Corporate Finance Fee"). Whether or not the Offering is completed, the Company has agreed to reimburse the Agents for all costs and expenses incurred in connection with the Offering, including the legal fees and disbursements of the Agents' legal counsel (which shall not exceed \$100,000).
- (4) If the Over-Allotment Option is exercised in full through the purchase of Option Units, the total Price to the Public, Agents' Fee and Net Proceeds to the Company will be \$[•], \$[•] and \$[•], respectively, after deducting the Corporate Finance Fee but before deducting the expenses of the Offering.

The following table sets out the number of options and other compensation securities that have been issued or may be issued by the Company to the Agents and which are exercisable to acquire Common Shares:

Agents' Position	Maximum Number of Securities Available	Exercise Period	Exercise Price
Over-Allotment Option <sup>(1)</sup>	[•] Option Units [•] Common Shares and [•] Warrants, or any combination thereof	Thirty (30) days after and including the Closing Date	[\$•] per Option Unit [\$•] per Common Share [\$•] per Warrant
Warrants partially comprising the Option Units	[•] Warrant Shares	Exercisable for a period of [•] months from the Closing Date	[\$•] per Warrant Share
Agent Options <sup>(1)</sup>	[•] Agents' Units <sup>(2)</sup> ([•] Common Shares and [•] Warrants)	Exercisable for a period of [•] months from closing of the Offering	[\$•] per Agents' Unit
Warrants partially comprising the Agents' Units	[•] Warrant Shares	Exercisable for a period of [•] months from the Closing Date	[\$•] per Warrant Share
<b>Total</b>	[•] Common Shares <sup>(2)</sup>		

Notes:

- (1) This Prospectus qualifies the grant of the Over-Allotment Option and the issuance of the Option Units issuable upon exercise of the Over-Allotment Option, as well as the grant of the Agent Options to the Agents. See "*Plan of Distribution*".
- (2) Assumes full exercise of the Over-Allotment Option for Option Units only. If the Over-Allotment Option is not exercised, Agent Options to purchase only [•] Agents' Units will be issued and the aggregate maximum number of Common Shares that may be issued upon full exercise of the Agent Options will be [•].

The Agents conditionally offer the Units, subject to prior sale, if, as and when issued by the Company and accepted by the Agents in accordance with the conditions contained in the Agency Agreement. See "*Plan of Distribution*".

The Offering Price for the Units offered under this Prospectus was determined by arm's length negotiation between the Company and the Agents. The Agents may offer the Units at a price lower than the Offering Price. See "*Plan of Distribution*". Notwithstanding any such reduction by the Agents in the Offering Price, the Company will still receive net proceeds of [\$•] per Unit purchased by the Agents under the Offering.

The Offering is not guaranteed or underwritten by any person. The Agents have been retained to act as agents in connection with the Offering to conditionally offer the Units for sale if, as and when issued by the Company and accepted by the Agents on a commercially reasonable "best efforts" agency basis in accordance with the conditions contained in the Agency Agreement and subject to the approval of certain legal matters on behalf of the Company by Irwin Lowy LLP and on behalf of the Agents by DLA Piper (Canada) LLP. The Offering is being made in all provinces in Canada, except for Quebec. The Units will be offered in such provinces through the Agents or their affiliates who are registered to offer the securities for sale in such provinces and such other registered dealers as may be designated by the Agents.

Subscriptions for the Offering will be received subject to rejection or allotment in whole or in part, and the right is reserved to close the subscription books at any time without notice. Closing of the Offering is expected to occur on or about [•] or such other date as the Agents and the Company may agree upon (the "**Closing Date**"); however, the Units offered pursuant to this Prospectus are to be taken up by the Agents, if at all, on or before a date that is not later than 42 days after the date of the receipt for the (final) short form prospectus. The Units will be issued as non-certificated securities registered in the name of CDS Clearing and Depository Services Inc. ("**CDS**"), and no certificates representing Units will be issued under the Offering, except in certain limited circumstances. See "*Plan of Distribution*" and "*Depository Services*". A purchaser of Units, including a purchaser of Units in the United States that is a "qualified institutional buyer" as defined in Rule 144A under the U.S. Securities Act ("**Qualified Institutional Buyer**"), will receive only a customer confirmation from the CDS participant through which Units are purchased. See "*Depository Services*".

Certain legal matters in connection with the Offering and this Prospectus have been or will be reviewed on behalf of the Company by Irwin Lowy LLP and on behalf of the Agents by DLA Piper (Canada) LLP.

**An investment in securities of the Company involves a high degree of risk and must be considered speculative due to the nature of the Company's business and the current stage of operations. An investment in securities of the Company (including the Units) is subject to certain risks, and prospective investors should carefully review and consider the risk factors described in and incorporated by reference in this Prospectus. See "*Forward-Looking Information*" and "*Risk Factors*" in this Prospectus and in the AIF (as defined herein), "*Forward Looking Statements*", "*Financial Risk Factors*" and "*Risks and Uncertainties*" in the Annual MD&A (as defined herein) and "*Forward Looking Statements*", "*Financial Risk Factors*" and "*Risks and Uncertainties*" in the Company's Interim MD&A.**

You should rely only on the information contained in this Prospectus (including the documents incorporated herein by reference). Neither the Company nor the Agents have authorized anyone to provide you with information different from that contained in this Prospectus. Readers should not assume that the information contained or incorporated by reference in this Prospectus is accurate as of any date other than the date on the front of this Prospectus or the respective dates of the documents incorporated by reference herein. The Company does not undertake to update the information contained or incorporated by reference herein, except as required by applicable securities laws.

The Company's head office is located at 77 King Street West, TD North Tower, Suite 700, Toronto, ON, M5K 1G8. The Company's registered office is located at 77 King Street West, TD North Tower, Suite 700, Toronto, ON, M5K 1G8.

Each of Rahim Bhaloo, Abdulmajeed Bawazeer and Antonio Heredia, directors and/or officers of the Company, resides outside of Canada. Each such person has appointed Irwin Lowy LLP, 217 Queen Street West, Suite 401, Toronto, ON M5V 0R2 as its agent for service of process. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

All references herein to "\$" are to Canadian dollars unless otherwise specified.

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## FORWARD-LOOKING INFORMATION

Certain statements and information included in this Prospectus, and the documents incorporated herein by reference, constitute forward-looking statements and forward-looking information, including future oriented financial information, (collectively "**forward-looking information**") with respect to the Company. Forward-looking information may relate to our future outlook and anticipated events or results and may include information regarding the Company's financial position, business strategy, growth strategy, budgets, operations, financial results, taxes, dividend policy, plans and objectives. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "targets", "expects", "does not expect", "is expected", "an opportunity exists", "budget", "scheduled", "estimates", "outlook", "forecasts", "projection", "prospects", "strategy", "intends", "anticipates", "does not anticipate", "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", "will", "will be taken", "occur" or "be achieved". In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates and projections regarding future events or circumstances.

The forward-looking information contained in this Prospectus is based on management's opinions, estimates and assumptions in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe to be appropriate and reasonable in the circumstances. Despite a careful process to prepare and review the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct. Certain assumptions in respect of our ability to expand the Company's network of partnerships in existing and new geographies and verticals and our ability to expand our customer base domestically and internationally; the viability and continuity of our existing commercial partnerships; our ability to build market share; our ability to develop and market additional products and to increase sales from our existing customers through sales of our more premium products; our ability to attract and retain key management and personnel; our anticipated growth prospects; the state of the agricultural industry and global economy; the expected impact and adoption of digital tools by farmers; the impact of the novel strain of coronavirus disease ("**COVID-19**"); the continued confidence in our products and services; future foreign exchange and interest rates; the impact of competition; the Company's ability to continue as a going concern is dependent upon achieving profitable operations and upon obtaining additional financing; changes to laws, rules, regulations and global standards; and our ability to pursue strategic acquisitions are material factors made in preparing the forward-looking information and management's expectations contained in this Prospectus and the documents incorporated by reference herein.

The forward-looking information contained in this Prospectus represents management's expectations as at the date of this Prospectus or as of the specific date of such forward-looking information and is subject to change after such date. However, we disclaim any intention or obligation or undertaking to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws in Canada.

Forward-looking information is necessarily based on a number of opinions, estimates and assumptions that management considered appropriate and reasonable as of the date such statements are made and is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements to be materially

different from those expressed or implied by such forward-looking information, including but not limited to those referred to under the heading "Risk Factors" in this Prospectus and the documents incorporated by reference herein.

**The Company cautions that the foregoing list of assumptions, risks and uncertainties is not exhaustive. Additional information on these and other factors which could affect operations or financial results are included under the section entitled "Risk Factors" in this Prospectus. Additional information may also be found in the Company's other reports on file with the Canadian Securities Regulatory Authorities, including the AIF (as hereinafter defined) and management's discussion and analysis which are available under our profile on the System for Electronic Document Analysis and Retrieval ("SEDAR") at [www.sedar.com](http://www.sedar.com). The forward-looking information contained in this Prospectus and the documents incorporated by reference herein are expressly qualified by this cautionary statement. The Company does not undertake any obligation to publicly update or**

**revise any forward-looking information after the date of this Prospectus to conform such information to actual results or to changes in the Company's expectations except as expressly required by applicable securities laws.**

## **FINANCIAL INFORMATION**

The financial statements of the Company incorporated by reference in this Prospectus have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and are reported in Canadian dollars.

## **ELIGIBILITY FOR INVESTMENT**

In the opinion of Irwin Lowy LLP, counsel to the Company, and DLA Piper (Canada) LLP, counsel to the Agents, based on the provisions of the *Income Tax Act* (Canada) (the "**Tax Act**") and the regulations thereunder in force on the date hereof, proposals to amend the Tax Act or the regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof and the current published administrative policies and assessing practices of the Canada Revenue Agency ("**CRA**"), the Common Shares, Warrants, and the Warrant Shares, if issued on the date hereof, would be qualified investments under the Tax Act for a trust governed by a registered retirement savings plan ("**RRSP**"), registered retirement income fund ("**RRIF**"), registered education savings plan ("**RESP**"), registered disability savings plan ("**RDSP**"), tax-free savings account ("**TFSA**", and collectively "**Registered Plans**") or a deferred profit sharing plan, provided that:

- (i) in the case of the Common Shares and the Warrant Shares, the common shares of the Company are listed on a "designated stock exchange" as defined in the Tax Act (which currently includes the TSXV); and
- (ii) in the case of Warrants, either (a) the Warrants are listed on a "designated stock exchange" as defined in the Tax Act (which currently includes the TSXV) or (b) the Warrant Shares are qualified investments as described in (i) above and neither the Company, nor any person with whom the Company does not deal at arm's length for the purposes of the Tax Act, is an annuitant, a beneficiary, an employer or a subscriber under, or a holder of, the particular Registered Plan.

Notwithstanding the foregoing, if the Common Shares, Warrant Shares or Warrants are a "prohibited investment" (as defined in the Tax Act) for a particular Registered Plan, the annuitant, holder, or subscriber of the particular Registered Plan, as the case may be, will be subject to a penalty tax as set out in the Tax Act. The Common Shares, Warrant Shares or Warrants will not be a "prohibited investment" for a Registered Plan provided the annuitant of the RRSP or RRIF, the holder of the TFSA or RDSP, or the subscriber of the RESP, as the case may be, deals at arm's length with the Company for purposes of the Tax Act and does not have a "significant interest", within the meaning of subsection 207.01(4) of the Tax Act, in the Company. In addition, the Common Shares and Warrant Shares will not be a prohibited investment if such securities are "excluded property", for purposes of the prohibited investment rules, for a Registered Plan. Annuitants under an RRSP or RRIF, holders of a TFSA or RDSP and subscribers under an RESP should consult their own tax advisors as to whether the Common Shares or Warrants will be a prohibited investment for such Registered Plan in their particular circumstances.

## **DOCUMENTS INCORPORATED BY REFERENCE**

**Information has been incorporated by reference in this Prospectus from documents filed with provincial securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Executive Officer of the Company at 77 King Street West, TD North Tower, Suite 700, Toronto, ON, M5K 1G8, Telephone (647) 471-6476, and are also available electronically at [www.sedar.com](http://www.sedar.com). The filings of the Company through SEDAR are not incorporated by reference in this Prospectus except as specifically set out herein.

The following documents, filed by the Company with the various provincial securities commissions or similar authorities in Canada, are specifically incorporated by reference into, and form an integral part of, this Prospectus:

- a) the annual information form dated July 27, 2022 of the Company for the year ended December 31, 2021 (the "**AIF**");

- b) the audited consolidated financial statements of the Company and the notes thereto as at and for the years ended December 31, 2021 and December 31, 2020, together with the report of the independent auditor thereon;
- c) management's discussion and analysis of the financial condition and results of operations of the Company for the year ended December 31, 2021;
- d) the audited consolidated financial statements of PesoRama Inc. and the notes thereto as at and for the years ended January 31, 2022 and January 31, 2021, together with the report of the independent auditor thereon;
- e) the amended unaudited interim condensed consolidated financial statements the Company and the notes thereto as at and for the three months ended April 30, 2022 (the "**Amended April 30 Interim Financial Statements**");
- f) the unaudited interim condensed consolidated financial statements the Company and the notes thereto as at and for the six months ended July 31, 2022 (the "**July Interim Financial Statements**" and together with the April 30 Interim Financial Statements, the "**Interim Financial Statements**");
- g) amended management's discussion and analysis of the financial condition and results of operations of the Company for the three months ended April 30, 2022;
- h) management's discussion and analysis of the financial condition and results of operations of the Company for the six months ended July 31, 2022 (the "**Interim MD&A**");
- i) the management information circular dated April 8, 2021 of the Company relating to the annual and special meeting of the shareholders of the Company held on May 5, 2021; and
- j) the template version of the term sheet for the Offering dated as of [•] summarizing the terms of the Offering (the "**Term Sheet**").

Any other documents of the type referred to in National Instrument 44-101 — *Short Form Prospectus Distributions* ("**NI 44-101**") required to be incorporated by reference in a short form prospectus, including any annual information forms, material change reports (except confidential material change reports), financial statements and related management's discussion and analysis, business acquisition reports and information circulars, if filed by the Company with the provincial securities commissions or similar authorities in Canada subsequent to the date of this Prospectus and prior to the completion of the distribution of the Units, are deemed to be incorporated by reference in this Prospectus.

**Any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein, modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document or statement that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed to constitute a part of this Prospectus, except as so modified or superseded.**

## **MARKETING MATERIALS**

Any "template version" of any "marketing materials" (as such terms are defined under applicable Canadian securities laws) that is used by the Agents in connection with the Offering does not form a part of this Prospectus to the extent that the contents of the template version of the marketing materials have been modified or superseded by a statement contained in this Prospectus. Any template version of any marketing materials that has been, or will be, filed under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) before the termination of the distribution under the Offering (including any amendments to, or an amended version of, any template version of any marketing materials) is deemed to be incorporated by reference into this Prospectus.

The Term Sheet is not a part of this Prospectus to the extent that the contents of the Term Sheet has been modified or superseded by a statement contained in this Prospectus.

## THE COMPANY

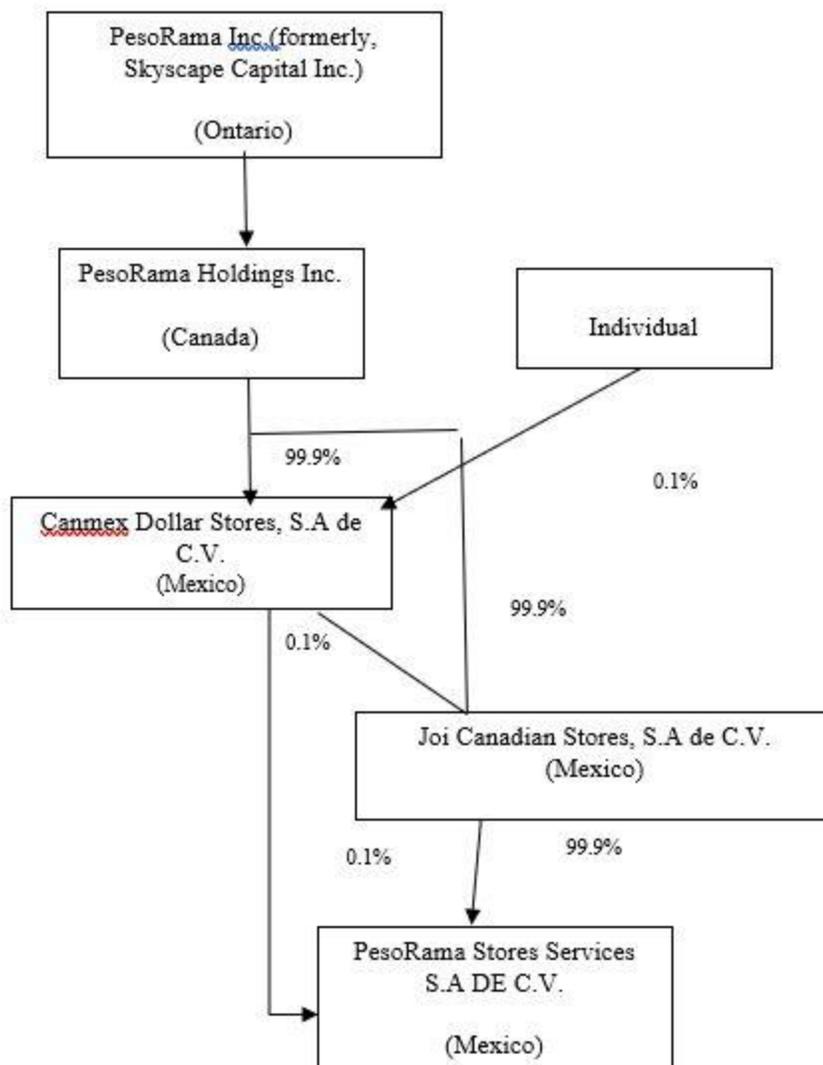
PesoRama Inc. (formerly, Skyscape Capital Inc.) was incorporated on January 9, 2018 under the *Business Corporations Act* (Ontario) (the "**OBCA**"), under the name of "Skyscape Capital Inc."

On February 8, 2022, the Company completed a "three cornered" amalgamation transaction (the "**RTO Transaction**"), pursuant to which 2864754 Canada Inc., a wholly owned subsidiary of the Company amalgamated with PesoRama Inc. ("**Old PesoRama**") to form PesoRama Holdings Inc. The former securityholders of Old PesoRama received Common Shares of the Company and convertible securities of the Company in exchange for their common shares and like convertible securities of Old PesoRama. The RTO Transaction constituted a reverse-takeover of the Company by Old PesoRama and the Company's "Qualifying Transaction" under the policies of the TSXV. Prior to the completion of the RTO Transaction, the Company had filed articles of amendment and changed its name from "Skyscape Capital Inc." to "PesoRama Inc".

The Company's registered and head office is located at 77 King Street West, TD North Tower, Suite 700, Toronto, Ontario M5K 1G8.

### **Intercorporate Relationships**

The following chart sets out the Company's corporate structure including all principal subsidiaries and their respective jurisdictions of incorporation:



### BUSINESS OF THE COMPANY

The Company operates a chain of corporately owned retail stores in Mexico under its "JOI Canadian Stores" ("Joi") banner, which offer a variety of quality products for sale to customers at a price that is typically below 50 pesos per item. Through the execution of its current business model, the Company plans to continue to develop its JOI Canadian Stores brand and profitably expand its network of stores in Mexico, which its management believes to be an underserved and growing marketplace in the value retail segment in which it operates. The Company is committed to providing value for customers of its stores by providing broad product offerings, fixed price points, a convenient and consistent store format, and pleasurable shopping experience. See "Principal Products and Services" in the AIF.

To date, the Company has opened and is currently operating 20 stores, located in high-traffic shopping centres in Mexico City, Mexico State, and the surrounding area. As part of its current expansion strategy, the Company plans to open additional stores in Mexico City and its surrounding areas before also expanding its stores into other regions of Mexico.

For a detailed description of the business of the Company, please refer to the sections entitled "*General Development of the Business*" and "*Description of the Business*" in the AIF.

## **Recent Developments**

### **Amended Financial Statements and MD&A**

On August 23, 2022, the Company filed the Amended April 30 Interim Financial Statements, and related amended management discussion and analysis ("**MD&A**") for these periods. In connection with the filing of the Amended April 30 Interim Financial Statements, the Company also filed CEO and CFO certifications in compliance with National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*.

The Amended April 30 Interim Financial Statements include changes (collectively, the "**Adjustments**") to the previously filed interim condensed consolidated financial statements for these periods, including adjustments to the previously filed interim condensed consolidated statement of financial position, interim condensed consolidated statements of loss and comprehensive loss, interim condensed consolidated statements of changes in shareholders' equity and interim condensed consolidated statements of cash flows. These changes were necessary due to adjustments in balances of inventory, prepaids and other receivables, taxes receivable, payables and equity balances, as well as, adjustment in cost of sales, general and administrative and other expenses. In addition, the Amended April 30 Interim Financial Statements include disclosure of litigation brought against the Company on July 4, 2022 by three former directors of Old PesoRama. All related note disclosures in the Amended April 30 Interim Financial Statements were updated to include revised balances.

A summary of the Adjustments are described below and further details can be found in the Amended Financial Statements and related MD&A, which are available under the Company's electronic profile on SEDAR at www.sedar.com.

#### Interim Condensed Consolidated Statements of Financial Position

<i>(Unaudited, expressed in Canadian dollars)</i>	<b>Amended Financial Statements (April 30, 2022)</b>	<b>Original Financial Statements (April 30, 2022)</b>	<b>Difference</b>
<b>ASSETS</b>			
<b>Current assets</b>			Nil
Cash and cash equivalents	4,990,925	4,990,925	
Restricted Cash	-	-	-
Taxes receivable (Note 5)	781,670	1,165,048	383,378
Deposits to suppliers	171,976	171,976	Nil
Prepaid expenses and other receivables	29,484	114,320	84,836
Inventory (Note 4)	3,273,981	3,528,739	254,758
<b>Total current assets</b>	<b>9,248,036</b>	<b>9,971,008</b>	<b>722,972</b>
<b>Non-current assets</b>			
Property and equipment (Note 6)	4,824,024	4,824,024	Nil
Intangible assets (Note 7)	4,978	4,978	Nil
Security deposits	175,917	175,917	Nil
Right-of-use assets (Note 8)	4,154,404	4,154,404	Nil
<b>Total non-current assets</b>	<b>9,159,323</b>	<b>9,159,323</b>	Nil
<b>Total assets</b>	<b>18,407,359</b>	<b>19,130,331</b>	722,972
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			84,836
Accounts payable and accrued liabilities	4,026,261	4,111,097	
Subscription Receipts	-	-	Nil
Current portion of lease liabilities (Note 8)	1,084,001	1,084,001	Nil
<b>Total current liabilities</b>	<b>5,110,262</b>	<b>5,195,098</b>	84,836
<b>Non-current liabilities</b>			Nil
Lease liabilities (Note 8)	3,986,716	3,986,716	
Convertible debentures (Note 9)	-	-	-
Derivative financial instrument (Note 9)	-	-	-
<b>Total non-current liabilities</b>	<b>3,986,716</b>	<b>3,986,716</b>	Nil
<b>Total liabilities</b>	<b>9,096,978</b>	<b>9,181,814</b>	84,836
<b>Shareholders' Equity</b>			926,727
Share capital (Note 10)	33,875,033	34,801,760	
Warrants reserve (Note 11)	4,068,339	3,091,612	(976,727)
Share-based compensation reserve (Note 12)	667,708	499,712	(167,996)
Accumulated other comprehensive loss	(97,518)	13,941	111,459
Deficit	(29,203,181)	(28,458,508)	744,673
<b>Total shareholders' equity</b>	<b>9,310,381</b>	<b>9,948,517</b>	638,136
<b>Total liabilities and shareholders' equity</b>	<b>18,407,359</b>	<b>19,130,331</b>	722,972

A summary explanation of the above Adjustments is as follows:

- Taxes receivable: Decrease from \$1,165,048 to \$781,670: Decrease is due to additional VAT receivable write offs

- Prepaid expenses and other receivable: Decrease from \$114,320 to \$29,484: Decrease is due to re-classification between payables and prepaid expenses
- Inventory: Decrease from \$3,528,739 to \$3,273,981: Decrease is due to additional inventory impairment adjustment
- Accounts payable and accruals: Decrease from \$4,111,097 to \$4,026,261: Decrease is due to re-classification between payables and prepaid expenses
- Share capital: Decrease is from \$34,801,760 to \$33,875,033: Decrease is due to adjustment to shares issued for structuring fee based on revised value of shares and adjustment to shares issued on reverse take-over transaction
- Warrants reserves: Increase from \$3,091,612 to \$4,068,339: Increase is due to change in valuation of warrants
- Share-based compensation reserve: Increase from \$499,712 to \$667,708: Increase is due to adjustments to valuation of stock options
- Accumulated other comprehensive loss: Increase from \$(13,941) to \$97,518: Increase is due to adjustments to balance sheet and income statement figures
- Deficit: Increase from \$28,458,508 to \$29,203,181: Increase is due to adjustments to cost of sales and other expenses

## Interim Condensed Consolidated Statements of Loss and Comprehensive

### Loss

For the three months ended April 30

<i>(Unaudited, expressed in Canadian dollars)</i>	<b>Amended Financial Statements (April 30, 2022)</b>	<b>Original Financial Statements (April 30, 2022)</b>	<b>Difference</b>
Sales	2,247,273	2,247,273	Nil
Cost of sales			
Inventory expensed (Note 4)	1,560,674	1,308,552	(252,122)
Distribution costs	324,977	324,977	Nil
<b>Gross profit</b>	<b>361,622</b>	<b>613,744</b>	<b>252,122</b>
General, administrative, and store			
operating expenses (Note 15)	2,063,104	1,927,026	(136,078)
Depreciation and amortization (Note 15)	577,960	577,960	Nil
<b>Operating loss</b>	<b>(2,279,442)</b>	<b>(1,891,242)</b>	<b>388,200</b>
Financing costs (Note 15)	86,054	190,911	104,857
Listing expense (Note 3)	3,730,224	3,648,306	(81,918)
Other items (Note 15)	212,713	(166,101)	(378,814)
<b>Net loss</b>	<b>(6,308,433)</b>	<b>(5,563,760)</b>	<b>744,673</b>
Currency translation adjustment	85,146	196,605	111,459
<b>Net comprehensive loss</b>	<b>(6,223,287)</b>	<b>(5,367,155)</b>	<b>856,132</b>
Basic and diluted loss per share	(0.09)	(0.08)	(0.01)
Weighted average number of common shares			
outstanding - basic and diluted	69,992,506	69,992,506	Nil

A summary explanation of the above Adjustments is as follows:

- Cost of sales: Increase from \$1,308,552 to \$1,560,674: Increase is due to additional inventory impairment write-offs
- General, administrative, and store: Increase from \$1,927,026 to \$2,063,104: Increase is due to increase in valuation of options resulting in higher stock-based compensation expenses
- Financing costs: Decrease from \$190,911 to \$86,054: Decrease is due to adjustment to foreign exchange gain
- Listing expense: Increase from \$3,648,306 to \$3,730,224: Increase is due to adjustment to valuation of consideration in reverse take-over transaction
- Other items: Increase from \$(166,101) to \$213,713: Increase is due to additional VAT receivable write offs
- Currency translation adjustment: Decrease from \$196,605 to \$85,146: Decrease is due to adjustments to balance sheet and income statement figures

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

### Amended Interim Financial Statements (April 30, 2022)

(Unaudited, expressed in Canadian dollars)

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

### Interim Financial Statements (April 30, 2022)

(Unaudited, expressed in Canadian dollars)

	Number of Common Shares (Note 10)	Share capital (Note 10)	Warrants reserve (Note 11)	SBC reserve <sup>(1)</sup> (Note 12)	AOCL <sup>(2)</sup>	Deficit	Total
Balance at January 31, 2022	49,643,211	17,507,813	588,684	223,483	(182,664)	(22,894,748)	(4,757,432)
Shares issued pursuant to the RTO Transaction	2,000,000	1,200,000	-	-	-	-	1,200,000
Stock options issued pursuant to the RTO Transaction	-	-	-	41,574	-	-	41,574
Shares issued for subscription receipts	10,035,170	8,058,104	-	-	-	-	8,058,104
Warrants issued for subscription receipts	-	-	1,346,074	-	-	-	1,346,074
Agent warrants issued pursuant to subscription receipt financing	-	-	42,104	-	-	-	42,104
Shares issued for structuring fee	1,750,000	1,750,000	-	-	-	-	1,750,000
Issuance of shares for the conversion of the convertible debentures	8,499,858	6,280,843	-	-	-	-	6,280,843
Issuance of warrants for the conversion of the convertible debentures	-	-	1,049,190	-	-	-	1,049,190
Exercise of milestone warrants	100,000	5,000	-	-	-	-	5,000
Warrants issued for over-allotment option	-	-	65,560	-	-	-	65,560
Share-based compensation	-	-	-	234,655	-	-	234,655
Cumulative translation adjustment of foreign operations	-	-	-	-	196,605	-	196,605
Net loss for the period	-	-	-	-	-	(5,563,760)	(5,563,760)
<b>Balance at April 30, 2022</b>	<b>72,028,239</b>	<b>34,801,760</b>	<b>3,091,612</b>	<b>499,712</b>	<b>13,941</b>	<b>(28,458,508)</b>	<b>9,948,517</b>

## Difference

<i>(Unaudited, expressed in Canadian dollars)</i>	<b>Number of Common Shares (Note 10)</b>	<b>Share capital (Note 10)</b>	<b>Warrants reserve (Note 11)</b>	<b>SBC reserve<sup>(1)</sup> (Note 12)</b>	<b>AOCL<sup>(2)</sup></b>	<b>Deficit</b>	<b>Total</b>
Balance at January 31, 2022	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Shares issued pursuant to the RTO Transaction	Nil	400,000	Nil	Nil	Nil	Nil	400,000
Stock options issued pursuant to the RTO Transaction	Nil	Nil	Nil	31,918	Nil	Nil	31,918
Shares issued for subscription receipts	Nil	(562,540)	Nil	Nil	Nil	Nil	(562,540)
Warrants issued for subscription receipts	-	-	604,643	-	-	-	604,643
Agent warrants issued pursuant to subscription receipt financing	-	-	(42,104)	-	-	-	(42,104)
Shares issued for structuring fee	Nil	(350,000)	Nil	Nil	Nil	Nil	(350,000)
Issuance of shares for the conversion of the convertible debentures	Nil	(414,187)	Nil	Nil	Nil	Nil	(414,187)
Issuance of warrants for the conversion of the convertible debentures	Nil	Nil	414,187	Nil	Nil	Nil	414,187
Exercise of milestone warrants	Nil	Nil	-	-	-	-	Nil
Warrants issued for over-allotment option	Nil	Nil	1	Nil	Nil	Nil	1
Share-based compensation	Nil	Nil	Nil	136,078	Nil	Nil	136,078
Cumulative translation adjustment of foreign operations	Nil	Nil	Nil	Nil	(111,459)	Nil	(111,459)
Net loss for the period	Nil	Nil	Nil	Nil	Nil	(744,673)	(744,673)
<b>Balance at April 30, 2022</b>	<b>0</b>	<b>(926,727)</b>	<b>976,727</b>	<b>167,996</b>	<b>(111,459)</b>	<b>(744,673)</b>	<b>(638,136)</b>

For the three months ended April 30

<i>(Unaudited, expressed in Canadian dollars)</i>	<b>Amended Financial Statements (April 30, 2022)</b>	<b>Originally Filed Interim Financials (April 30, 2022)</b>	<b>Difference</b>
<b>Operating Activities</b>			
Net loss	(6,308,433)	(5,563,760)	744,673
Adjustments for items not affecting cash:			
Depreciation and amortization (Note 6 and 7)	280,690	280,690	Nil
Depreciation, right-of-use assets (Note 8)	297,270	297,270	Nil
Share-based compensation (Note 12)	370,733	234,655	(136,078)
Interest on lease liabilities (Note 8)	142,400	142,400	Nil
Interest on convertible debentures (Note 9)	14,427	14,427	Nil
Accretion on convertible debentures (Note 9)	18,048	18,048	Nil
Non-cash portion of listing expense (Note 3)	3,697,074	3,615,156	(81,918)
Changes in non-cash working capital items			
Taxes receivable (Note 5)	(38,944)	(418,356)	(379,412)
Deposits to suppliers	4,261	4,261	Nil
Prepaid expenses and other receivables	70,869	(13,090)	(83,959)
Inventory (Note 4)	(687,833)	(939,955)	(252,122)
Security deposits	(21,942)	(21,942)	Nil
Accounts payable and accrued liabilities	(1,823,503)	(1,725,358)	98,145
<b>Cash used in operating activities</b>	<b>(3,984,883)</b>	<b>(4,075,554)</b>	<b>(90,671)</b>
<b>Investing Activities</b>			
Purchase of property and equipment (Note 6)	(1,041,370)	(1,041,370)	Nil
Purchase of intangible assets (Note 7)	(912)	(912)	Nil
Cash acquired from RTO Transaction (Note 3)	10,064	10,064	Nil
<b>Cash used in investing activities</b>	<b>(1,032,218)</b>	<b>(1,032,218)</b>	<b>Nil</b>
<b>Financing Activities</b>			
Proceeds received from issuance of shares from Offering units (Note 10)	3,760,000	4,027,262	267,262
Share issuance costs (Note 10)	(450,676)	(484,163)	(33,487)
Proceeds received from issuance of warrants from Offering units (Note 11)	940,000	672,738	(267,262)
Proceeds received from issuance of over-allotment warrants (Note 11)	70,500	70,500	Nil
Warrant issuance costs (Note 11)	(119,304)	(85,817)	33,487
Options, milestone warrants, and performance warrants exercised (Note 10)	5,000	5,000	Nil
Agents and finders warrants exercised	-	-	-
Proceeds received for debentures issued (Note 9)	-	-	-
Debenture issuance costs (cash) (Note 9)	-	-	-
Lease payments (Note 8)	(437,853)	(437,853)	Nil
<b>Cash provided by financing activities</b>	<b>3,767,667</b>	<b>3,767,667</b>	<b>Nil</b>
Cash and restricted cash, beginning of period	6,226,200	6,226,200	Nil
Effect of foreign currency translation on cash	14,159	104,830	90,671
Net increase (decrease) in cash	(1,249,434)	(1,340,105)	(90,671)
<b>Cash and restricted cash, end of period</b>	<b>4,990,925</b>	<b>4,990,925</b>	<b>Nil</b>

## **Supplemental MD&A Disclosure**

On August 23, 2022, the Company filed the Amended April 30 Interim Financial Statements and related amended management discussion and analysis ("**MD&A**") for these periods. The following information supplements the disclosure in its amended MD&A.

### *Corrected Disclosure*

In the MD&A there are several references to "EBITDA". These references should properly be referred to instead as "Adjusted EBITDA". The Company typically calculates its margin based on the landed cost of goods into the warehouse, which is noted as "product margin". However, for the purposes of financial reporting and to adhere to industry reporting standards, the cost of warehousing and transportation are added for purposes of calculating the "gross margin". This is intended to show investors the difference between "Adjusted EBITDA" and "Gross Margin". Since the Company is operating only 20 retail locations, it will have a much higher cost of warehousing and transportation compared to a company with more stores with its costs distributed over its larger number of stores.

The Company also notes that, in the last line of the table on page 4 of the MD&A, the reference to "EBITDA" should instead refer to "Gross Margin Percentage".

## **Store Expansion Plans and Operating Update and Outlook**

In the Company's prospectus dated January 31, 2022, the Company disclosed that its key business objectives in the near term were to open 10 additional stores prior to January 2023. Since that date, the Company has opened two new stores bringing its total number of store locations to 20 stores. In addition, the Company has executed lease agreements for two additional new stores. The construction of these stores is ongoing and expected to be completed once additional capital is raised to support this expansion. The Company has a pipeline of over two dozen stores, for which it has conducted due diligence and is seeking to enter into leases once additional capital is obtained. The construction and opening of these two stores is planned to be completed by the end of fiscal year 2023 at an estimated remaining cost of approximately \$300,000 per store with an average size of 6,000 square feet. The Company does not plan to open any new stores until it raises additional capital. In the meantime, the Company is focusing on continuing to implement cost cutting measures and on increasing sales at its existing stores. As at July 31, 2022, the Company had a working capital of \$2.3 million, and plans on raising a minimum of \$5 million of additional funds to maintain operations for the next 12 month period.

All of the Company'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 term of the leases for the Company's JOI Canadian store locations is five years, with a five year renewal option. The Company aims to offer a well-designed, convenient and consistent store format. The target store size for the JOI Canadian stores is approximately 6,000 square feet. This size is meant to permit the JOI Canadian Stores to offer a greater range of products than typical convenience stores, and a shopping experience for its customers that is more convenient and easier than offered by big box stores, all while maintaining low operating costs. All stores are clean, well maintained and kept sufficiently stocked with a broad assortment of consumable products, general merchandise and seasonal items.

The Company's main objectives continue to be to develop its JOI Canadian Stores brand and profitably expand its network of stores in Mexico. While the Company generates funds from operations, to date, it has a history of losses from operations. As a result the Company requires additional funds to fund its ongoing operations and its store expansion plans.

As at September 30, 2022, the Company had cash and cash equivalents of \$1.64 million and net working capital of \$0.46 million.

## **Use of Proceeds of Previous Offerings**

On February 8, 2022, upon the completion of the RTO Transaction, the Company had approximately \$10.58 million of funds available to it. In the Company's prospectus dated January 31, 2022, the company disclosed its intended use of such available funds. The following table sets out a comparison of how the Company has used the funds that were

available to it on the completion of the RTO Transaction as of the date of this Prospectus, an explanation of variances and the impact of variances on the ability of the Company to achieve its business objectives and milestones.

Intended Use of Available Funds Upon Completion of RTO Transaction		Actual Use of Available Funds	Variance (Over)/Under Expenditure	Explanation of Variance and impact on business objectives
Capital Expenditures – Additional Retail Store Locations <sup>(1)</sup>	\$3.0 million	\$1.1 million	\$1.9 million	The budgeted amount is for additional 10 stores; whereas, the actual costs incurred from the date of RTO was to complete construction of two new stores. Both stores are over 18,000 square feet combined, whereas, the budgeted amount accounted for each store to be at 6,000 square feet each. The variance is due to not opening the additional stores as planned as of this date.
Initial Inventory - Additional Retail Store Locations <sup>(1)</sup>	\$1.25 million	\$0.32 million	\$0.93 million	The original forecasted amount was for additional 10 stores; while as of date, there were two out of 10 stores that opened in Q1 and Q2, 2022.
Replenishment Inventory for Retail Store Locations <sup>(2)</sup>	\$1.0 million	\$3.8 million	\$(2.8) million	Inventory levels at the beginning of the year were at all times low. The business requires to have high levels of inventory to optimize sales.
Head office infrastructure <sup>(3)</sup>	\$0.5 million	\$0 million	\$0.5 million	This type of expenditures were delayed until end of 2023 fiscal year.
General and Administrative Costs <sup>(4)</sup>	\$4.26 million	\$2.9 million	\$1.4 million	The variance is due to general and administrative expenses for the six month period while the estimated G&A expenses of \$4.26M were for the 12 month period.
Amalgamation Costs	\$0.2 million	\$0.6 million	\$(0.4) million	Additional legal, audit and filing fees were incurred during the go public transaction.
Unallocated Working Capital <sup>(5)</sup>	\$0.37 million	\$0.37 million	\$-	The unallocated funds were used to cover additional transaction fees incurred during the go-public transaction
<b>Total Use of Available Funds</b>	<b>\$10.58 million</b>	<b>\$9.09 million</b>	<b>\$1.49 million</b>	

Notes:

- (1) Estimated costs of opening of 10 new stores, outlining capital expenditures and initial inventory requirements of store openings.
- (2) Estimated expenditures towards investment in replenishment inventory for existing and new stores throughout the 12-month period.
- (3) Anticipated expenditures toward corporate office needs in Mexico for needed expansion.
- (4) Estimated allocation towards general corporate costs of the Company to cover cash deficiencies resulting from negative margins on retail operations during the 12-month period. Includes such costs as employee salaries, management fees, professional fees, office expenses, travel expenses, marketing and promotion, and other general corporate overhead.
- (5) Unallocated working capital for use on additional capital expenditures, inventory costs, and other operating expenses that may be currently under-estimated.

### CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated share capitalization of the Company as at July 31, 2022, being the date of the July Interim Financial Statements, (i) on an actual basis, (ii) on an adjusted basis to give effect to the Offering (prior to any exercise of the Over-Allotment Option), and (iii) on an adjusted basis to give effect to the Offering assuming the full exercise of the Over-Allotment Option for Option Units only. This table should be read in conjunction with the July Interim Financial Statements and the Interim MD&A that are incorporated by reference in this Prospectus.

	As at July 31, 2022 before giving effect to the Offering	As at July 31, 2022 after giving effect to the Offering (prior to any exercise of the Over-Allotment Option)	As at July 31, 2022 after giving effect to the Offering (assuming full exercise of the Over-Allotment Option)
Common Shares <sup>(5)</sup>	\$33.9 million (72,878,239 Common Shares)	\$38.0 million <sup>(1)</sup> ([•] Common Shares)	\$[•] <sup>(2)</sup> ([•] Common Shares)
Subscriber warrants	33,596,888 warrants	[•]	[•]
Agent and finders Warrants	2,204,613 warrants	[•]	[•]
Milestone warrants <sup>(3) (4)</sup>	2,425,000 warrants	[•]	[•]
Performance warrants	2,500,000 warrants	[•]	[•]
Agent Options	Nil	[•]	[•]
Stock Options	8,600,000 options	[•]	[•]

Notes:

- (1) Calculation based on net proceeds to the Company of \$4.07 million (assuming the Over-Allotment Option is not exercised) and after deducting payment of the Agents' Fee of \$0.33 million, but before deducting expenses of the Offering, estimated to be approximately \$0.3 million.
- (2) Calculation based on net proceeds to the Company of \$[•] (assuming the Over-Allotment Option is exercised in full for Option Units only) and after deducting payment of the Agents' Fee of \$[•], but before deducting expenses of the Offering, estimated to be approximately \$[•].
- (3) Since April 30, 2022, an aggregate of 850,000 milestone common share purchase warrants were exercised for 850,000 Common Shares at a price of \$0.05 per Common Share. See "Prior Sales".
- (4) On August 8, 2022, the Company's 2,425,000 milestone warrants expired unexercised.
- (5) As at the date hereof, after giving effect to the various stock option and warrant exercises since April 30, 2022, there are 72,878,239 Common Shares issued and outstanding. See "Description of Securities Being Distributed – Authorized Share Capital".

Other than as disclosed herein, there have been no material changes in the consolidated share and loan capital of the Company since July 31, 2022.

## OPTIONS TO PURCHASE SECURITIES

As at the date hereof, other than in respect of 49,326,501 options and warrants as disclosed in the table below, there are no options, warrants, or other securities outstanding that are convertible into securities of the Company. Upon completion of the Offering, it is expected that a total of [•] options will be issued and outstanding pursuant to the Plan and [•] warrants, [•] options and [•] broker warrants will be issued and outstanding.

Category	Number of Securities	Exercise Price of Securities	Expiry Date
Subscriber warrants	33,596,888	\$1.25	February 8, 2024
Agent and finders warrants	816,000	\$0.40	February 8, 2024
	4,559	\$0.59	March 2, 2023
	755,091	\$0.75	February 8, 2024
	475	\$0.92	April 1, 2023
	502,560	\$1.00	February 8, 2024
	124,768	\$1.25	February 8, 2024
Milestone warrants	1,160	\$1.67	December 30, 2023
	2,425,000	\$0.05	August 8, 2022
Performance warrants	2,500,000	\$0.001	May 17, 2023
Agent options	[•]	[•]	[•]
Stock options	850,000	\$0.40	October 31, 2023
	150,000	\$0.50	February 8, 2023
	50,000	\$0.50	March 6, 2023
	7,550,000	\$1.00	February 8, 2027
<b>Total</b>	<b>49,326,501</b>		

## USE OF PROCEEDS

### Net Proceeds from the Offering

The net proceeds to the Company from the Offering (excluding any exercise of the Over-Allotment Option) are expected to be approximately up to \$[•] after deducting the payment of the Agents' Fee of \$[•] and Corporate Finance Fee of \$50,000, each payable to the Agents, but before deducting the expenses of the Offering (estimated to be approximately \$[•]).

The use of the net proceeds of the Offering by the Company is consistent with the Company's stated business objectives (see "*Business Objectives and Milestones*" below) and which the Company plans to allocate as follows during the twenty-four-month period following the Closing Date (see "*Forward-Looking Information*"):

Expenditure	Amount <sup>(1)</sup>
Capital Expenditures – Additional Retail Store Locations	\$nil
Initial Inventory - Additional Retail Store Locations	\$nil
Replenishment Inventory for Retail Store Locations	\$0.7 million
Head office infrastructure	\$nil
General and Administrative Costs	\$4.02 million
Amalgamation Costs	\$nil
Unallocated Working Capital	\$0.1 million
<b>Total Expenditures</b>	<b>\$4.82 million</b>

Note:

(1) Includes initiatives to scale management and sales teams. See "Business Objectives and Milestones" below.

The net proceeds received by the Company pursuant to any exercise of the Over-Allotment Option will be allocated to working capital.

The Company currently intends to expend the net proceeds of the Offering in accordance with the table above. However, there may be circumstances where, for sound business reasons, a reallocation of funds may be deemed prudent or necessary.

During the last financial year the Company had negative operating cash flow because its revenues did not exceed its operating expenses. In addition, as a result of the Company's business plans for the development of its products and services, the Company expects cash flow from operations to be negative until revenues improve to offset its operating expenditures. The Company's cash flow from operations may be affected in the future by expenditures incurred by the Company to continue to develop its products and services. The amounts set out above for use as working capital may be used to offset this anticipated negative operating cash flow. See "*Risk Factors*".

### Business Objectives and Milestones

The key business objectives of the Company in the near term are to focus on its existing retail operations in the near term, using the proceeds of the Offering to fund its current working capital deficit. In addition, subject to the availability of additional capital through future financings, the Company has the following objectives:

<u>Milestone</u>	<u>Time Period</u>	<u>Estimated Cost</u>
Complete Construction and Open 5 New Stores	September 2022 to December 2022	\$2.125 million
Completion Construction and Open 5 Additional New Stores	January 2023 to June 2023	\$2.125 million

A new JOI Canadian Store requires minimal initial investment of approximately \$425,000, including \$300,000 for capital expenditures and \$125,000 for initial inventory. The Company's ability to execute its expansion plans within the time frames and for the estimated costs set out above, depends on a number of uncertainties, including its ability to locate, lease, build out and open its planned new stores in suitable locations on a timely basis under favorable economic terms. In addition, this expansion is dependent upon third-party contractors in connection with, among other things, locating store locations, construction, and securing necessary permits and approvals. The ability of these

contractors to perform these activities at the estimated costs and timely manner could be negatively impacted by a number of unanticipated events and by the ongoing COVID-19 pandemic. Further, the Company may not manage its expansion effectively, and any failure by it to achieve its stated expansion plans could materially and adversely affect the Company's business, financial condition and results of operations. See "Risk Factors" in the AIF.

Notwithstanding the proposed uses of net proceeds discussed above, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary or prudent. It is difficult at this time to definitively project the total funds necessary to effect the planned activities of the Company. For these reasons, the Company will retain broad discretion over the use of the net proceeds from the Offering.

In addition, the above estimates and forecasts are subject to the material assumptions and risks disclosed in elsewhere in this Prospectus, including the risk factors disclosed in this Prospectus. Readers should carefully review the disclosure in this Prospectus under the headings "Forward Looking Information" and "Risk Factors" and in the AIF.

### Total Funds Available to the Company

The Company completed a prospectus offering on February 8, 2022 in connection with the RTO Transaction, raising gross proceeds of \$4,700,000 (see "Business of the Company – Recent Developments" above). The Company currently has approximately \$0.46 million in working capital (unaudited estimate as at September 30, 2022), and, together with the net proceeds of the Offering, expects to have approximately \$4,830,000 of available funds upon completion of the Offering (not including any exercise of the Over-Allotment Option). The funds currently held by the Company are intended to be spent substantially in accordance with the use of proceeds disclosed in the Company's prospectus dated January 31, 2022 and, together with the additional funds to be raised by the Company pursuant to the Offering, the Company intends to spend its aggregate funds as follows during the twenty-four month period following the Closing Date (see "Forward-Looking Information"):

Expenditure	Allocated Funds from January 31, 2021 Prospectus	Allocated Funds from Current Offering	Total Funds Allocated
Capital Expenditures – Additional Retail Store Locations <sup>(1)</sup>	\$3.0 million	\$nil	\$3.0 million
Initial Inventory - Additional Retail Store Locations <sup>(1)</sup>	\$1.25 million	\$nil	\$1.25 million
Replenishment Inventory for Retail Store Locations <sup>(2)</sup>	\$1.0 million	\$0.7 million	\$1.7 million
Head office infrastructure <sup>(3)</sup>	\$0.5 million	\$nil	\$0.5 million
General and Administrative Costs <sup>(4)</sup>	\$4.26 million	\$4.02 million	\$8.28 million
Amalgamation Costs	\$0.2 million	\$nil	\$0.2 million
Unallocated Working Capital <sup>(5)</sup>	\$0.37 million	\$0.1 million	\$0.47 million
<b>Total Expenditures</b>	<b>\$10,580,000</b>	<b>\$4,820,000</b>	<b>\$15,400,000</b>

Note:

- (1) Estimated costs of opening of 10 new stores, outlining capital expenditures and initial inventory requirements of store openings.
- (2) Estimated expenditures towards investment in replenishment inventory for existing and new stores throughout the 12-month period.
- (3) Anticipated expenditures toward corporate office needs in Mexico for needed expansion.
- (4) Estimated allocation towards general corporate costs of the Company to cover cash deficiencies resulting from negative margins on retail operations during the 12-month period. Includes such costs as employee salaries, management fees, professional fees, office expenses, travel expenses, marketing and promotion, and other general corporate overhead.
- (5) Unallocated working capital for use on additional capital expenditures, inventory costs, and other operating expenses that may be currently under-estimated.

Expenditure	Total Allocated Funds
Aggregate Planned Expenditures <sup>(1)</sup>	\$14.93 million
Existing Unallocated Funds for Working Capital	\$0.47 million
<b>Total Funds Available</b>	<b>\$15,400,000</b>

Note:

- (1) Planned allocation of funds over the twenty-four month period from the Closing Date.

The expected excess of \$0.47 million of available funds not allocated to expenditures in the tables above shall be unallocated funds added to the Company's working capital. Additionally, the net proceeds received by the Company

pursuant to any exercise of the Over-Allotment Option will be allocated to working capital. The Company currently intends to expend the net proceeds of the Offering in accordance with the table above. However, there may be circumstances where, for sound business reasons, a reallocation of funds may be deemed prudent or necessary.

## PLAN OF DISTRIBUTION

This Prospectus is being filed in the Qualifying Jurisdictions to qualify the distribution of up to [•] Units (not including any Option Units, the distribution of which shall also be qualified by this Prospectus) pursuant to the Offering.

Pursuant to the Agency Agreement, the Agents have agreed, as agents, to conditionally offer for sale to the public on a commercially reasonable "best efforts" basis, without underwriter liability, and the Company has agreed to sell, subject to compliance with all necessary legal requirements and pursuant to the terms and conditions of the Agency Agreement, a total of [•] Units at the Offering Price for total consideration of \$[•] payable in cash to the Company against delivery of the Units. The obligations of the Agents under the Agency Agreement are conditional and may be terminated at its discretion on the basis of "material change out", "disaster out", "breach out" and "market out" provisions in the Agency Agreement, and may also be terminated on the occurrence of certain stated events. The Agents are not obligated to purchase any Units under the Agency Agreement nor are they obligated, directly or indirectly, to advance their own funds to purchase any of the Units.

In addition, the Company has granted to the Agents the Over-Allotment Option, exercisable in whole or in part, at any time and from time to time for a period of thirty (30) days after and including the Closing Date, to purchase up to an additional [•] Option Units at the Offering Price, representing up to 15% of the Units to be issued pursuant to the Offering, to cover over-allocations, if any, and for market stabilization purposes. The Agents can elect to exercise the Over-Allotment Option for Option Units, Common Shares, Warrants or any combination thereof. This Prospectus also qualifies the distribution of Option Units, Common Shares and/or Warrants issuable pursuant to the exercise of the Over-Allotment Option, and the grant of the Over-Allotment Option. A purchaser who acquires Option Units, Common Shares and/or Warrants issuable forming part of the Agents' over-allocation position acquires such Option Units, Common Shares and/or Warrants issuable under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

In connection with the Offering, the Company has agreed to pay the Agents' Fee of \$[•] per Unit for an aggregate fee of \$[•] (\$[•] if the Over-Allotment Option is exercised in full to purchase Option Units only) and a Corporate Finance Fee of \$50,000. The Offering Price was determined by arm's length negotiation between the Company and the Agents. In addition, the Agents will be issued Agent Options entitling the Agents to purchase that number of Agent's Units equal to 7% of the number of Units sold pursuant to the Offering (including any exercise of the Over-Allotment Option). Each Agent Option entitles the holder to purchase one Agent's Unit at the Offering Price for a period of [•] months from the Closing Date. This Prospectus qualifies the grant of the Agent Options to the Agents.

Subscriptions for Units will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription book at any time without notice. The closing of the Offering is expected to occur on or about [•], or such other date as the Company and the Agents may agree; however, the Units offered pursuant to this Prospectus are to be taken up by the Agents, if at all, on or before a date that is not later than 42 days after the date of the receipt for the (final) short form prospectus.

Under the terms of the Agency Agreement, the obligations of the Agents may be terminated at its discretion upon the occurrence of certain stated events. Such events include, but are not limited to: (i) if there is a material change or a change in a material fact or new material fact, or there should be discovered any previously undisclosed material fact required to be disclosed in the Prospectus that has or would be expected to have, a significant adverse change or effect on the business or affairs of the Company or its subsidiaries or on the market price or the value of the securities of the Company; (ii) if any proceeding is commenced, announced or threatened or any order made by any governmental department, the TSXV or any securities regulatory authority or any law or regulation is enacted or changed that operates to prevent or materially restrict the trading of the company's securities or the market price or value of same; (iii) if there should develop any event or law that seriously adversely affects the financial markets or the business, operations or affairs of the Company and its subsidiaries; (iv) if the Company is in breach of the Agency Agreement or any representation or warranty given by the Company in the Agency Agreement is or becomes false; or (v) if a cease trade or other suspension order affecting the securities of the Company is made or threatened and has not been withdrawn.

The Company has agreed to indemnify the Agents and their respective affiliates and each of their respective directors, officers, employees, shareholders, partners, advisors and agents against certain liabilities and expenses.

The Units will be issued as non-certificated securities registered in the name of CDS, and no certificates representing Units will be issued under this Offering, except in certain limited circumstances.

Pursuant to the Agency Agreement, the Company agreed that, for a period ending 120 days after the Closing Date, it will not, without the prior written consent of the Agents, directly or indirectly, issue any Common Shares or other equity securities or other financial instruments convertible, exchangeable or exercisable into Common Shares or other equity securities, or announce any intention to do so, other than issuances: (i) to satisfy rights or obligations under securities or other financial instruments existing and outstanding as of the date of the Agency Agreement or pursuant to the exercise of the Over-Allotment Option, the Warrants, or the Agent Options; (ii) of securities in connection with property or share acquisitions; or (iii) pursuant to the Company's existing share option plan.

Pursuant to the Agency Agreement, the directors and officers of the Company and their respective associates are required to execute and deliver agreements to the Agents pursuant to which they will agree not to, for a period ending on the date that is 120 days following the Closing Date, directly or indirectly, without the prior written consent of the Agents, offer, sell, contract to sell, lend, swap, or enter into any other agreement to transfer the economic consequences of, or otherwise dispose of or deal with, whether through the facilities of a stock exchange, by private placement or otherwise, or publicly announce any intention to do any of the foregoing, any Common Shares or other equity securities of the Company held by them, directly or indirectly, subject to customary exceptions.

**Evidence of ownership of the Units will be issued in non-certificated form to CDS or its nominee and will be deposited with CDS on the day of closing of the Offering. Except in certain limited circumstances, no certificates evidencing Units will be issued, and registration will be made only through the depository services of CDS.**

The Company has applied to the TSXV for conditional approval for the listing of the Common Shares and the Warrants comprising the Units, the Option Units, and the Agents' Units. Listing will be subject to the Company fulfilling all of the listing requirements of the TSXV.

The Common Shares and Warrants comprising the Units offered hereby and the Warrant Shares issuable upon exercise of the Warrants have not been and will not be registered under the U.S. Securities Act or any state securities laws and, subject to registration under the U.S. Securities Act and applicable state securities laws or certain exemptions therefrom, may not be offered, sold, transferred, delivered or otherwise disposed of, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. Persons. The Agents have agreed that, except as permitted under the Agency Agreement, they will not offer, sell, transfer, deliver or otherwise dispose of, directly or indirectly, the Common Shares and Warrants comprising the Units at any time within the United States or to, or for the account or benefit of, U.S. Persons, except pursuant to an exemption from registration under the U.S. Securities Act.

The Agency Agreement permits the Agents, acting through their registered United States broker-dealer affiliates, to offer and resell the Units to Qualified Institutional Buyers in the United States or to, or for the account or benefit of, U.S. Persons that are Qualified Institutional Buyers, provided such offers and sales are made in accordance with Rule 144A under the U.S. Securities Act, and in compliance with similar exemptions under applicable state securities laws. Moreover, the Agency Agreement provides that the Agents will offer and sell the Units outside the United States only in accordance with Rule 903 of Regulation S under the U.S. Securities Act. The Units that are sold in the United States or to, or for the account or benefit of, U.S. Persons will be restricted securities within the meaning of Rule 144(a)(3) of the U.S. Securities Act and may only be offered, sold or otherwise transferred pursuant to certain exemptions from the registration requirements of the U.S. Securities Act.

The Warrants may not be exercised in the United States, or by or for the account of a U.S. Person or a person in the United States except (i) pursuant to exemptions from the registration requirements of the U.S. Securities Act and any applicable state securities laws; and (ii) upon the condition that the holder of such Warrant(s) has delivered to the Company a written opinion of counsel, in form and substance satisfactory to the Company; provided, however, that a Qualified Institutional Buyer that purchased the Warrants from the Agents pursuant to the Rule 144A under the U.S. Securities Act for its own account, or for the account of another Qualified Institutional Buyer for which it exercised sole investment discretion with respect to such original purchase (an "Original Beneficial Purchaser"), will not be

required to deliver an opinion of counsel if it exercises the Warrants for its own account or for the account of the Original Beneficial Purchaser, if any, if each of it and such Original Beneficial Purchaser, if any, was a Qualified Institutional Buyer at the time of its purchase and exercise of the Warrants.

This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Units in the United States or to, or for the account or benefit of, U.S. Persons. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Units within the United States or to, or for the account or benefit of, U.S. Persons by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from registration under the U.S. Securities Act and similar exemptions under applicable state securities laws.

## **DESCRIPTION OF SECURITIES BEING DISTRIBUTED**

This Prospectus qualifies the distribution of the Units, the grant of the Over-Allotment Option, the distribution of any Option Units, Common Shares and/or Warrants pursuant to the exercise of the Over-Allotment Option, and the grant of the Agent Options.

### **Authorized Share Capital**

The authorized share capital of the Company consists of an unlimited number of Common Shares without par value. As at the date hereof there are 72,878,239 Common Shares issued and outstanding.

### **Common Shares**

All of the Common Shares partially comprising the Units are of the same class as the Company's outstanding Common Shares and, once issued, will rank equally as to entitlement to dividends, voting powers (one vote per share) and participation in assets upon dissolution or winding up. No Common Shares have been issued subject to call or assessment.

The Common Shares contain no pre-emptive rights, no conversion or exchange rights, no redemption, retraction, purchase for cancellation or surrender provisions. There are no sinking or purchase fund provisions, no provisions permitting or restricting the issuance of additional securities or any other material restrictions, and there are no provisions which are capable of requiring a securityholder to contribute additional capital.

### **Warrants**

Each Warrant partially comprising a Unit entitles the holder to purchase one Warrant Share at the price of \$[•] per Warrant Share for a period of [•] months from the Closing Date, in accordance with the terms and conditions set out in a warrant indenture (the "**Warrant Indenture**") between the Company and TSX Trust Company (the "**Warrant Agent**"). The following summary of certain provisions of the Warrant Indenture does not purport to be complete and is subject in its entirety to the detailed provisions of the executed Warrant Indenture. Reference is made to the Warrant Indenture for the full text of the attributes of the Warrants which, following the closing of the Offering will be filed on SEDAR under the issuer profile of the Company at [www.sedar.com](http://www.sedar.com). A register of holders of Warrants will be maintained at the principal offices of the Warrant Agent in Toronto, Ontario. The holders of Warrants will not, as such, have any voting right or other right attached to the Common Shares until and unless the Warrants are duly exercised as provided for in the Warrant Indenture.

The Warrant Indenture will provide that the number of Warrant Shares which may be acquired by a holder of Warrants upon the exercise thereof will be subject to anti-dilution provisions governed by the Warrant Indenture, including provisions for the appropriate adjustment of the class, number and price of the securities issuable under the Warrant Indenture upon the occurrence of certain events including:

- (a) the issuance of Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all of the holders of Common Shares by way of a stock dividend or other distribution (other than a distribution of Common Shares upon the exercise of any outstanding warrants or options);
- (b) the subdivision, redivision or change of the Common Shares into a greater number of shares;

- (c) the consolidation, reduction or combination of the Common Shares into a lesser number of shares;
- (d) the issuance to all or substantially all of the holders of Common Shares of rights, options or warrants under which such holders are entitled, during a period expiring not more than 45 days after the record date for such issuance, to subscribe for or purchase Common Shares, or securities exchangeable for or convertible into Common Shares, at a price per Common Share to the holder (or at an exchange or conversion price per share) of less than 95% of the "current market price", as defined in the Warrant Indenture, of Common Shares on such record date; and
- (e) the issuance or distribution to all or substantially all of the holders of Common Shares of (i) securities, including rights, options or warrants to acquire shares of any class or securities exchangeable or convertible into any such shares or property or assets or (ii) any property or assets, including evidences of indebtedness.

The Warrant Indenture will include provisions for the appropriate adjustment of the class, number and price of the securities issuable under the Warrant Indenture upon the occurrence of the following additional events:

- (a) the reclassification of the Common Shares or exchange or change of the Common Shares into other shares;
- (b) the amalgamation, arrangement or merger with or into any other corporation or other entity (other than an amalgamation, arrangement or merger which does not result in any reclassification of the Company's outstanding Common Shares or an exchange or change of the Common Shares into other shares); and
- (c) the transfer of the Company's undertakings or assets as an entirety or substantially as an entirety to another corporation or other entity.

The Company will covenant in the Warrant Indenture, during the period in which the Warrants are exercisable, to give notice to holders of Warrants of certain stated events, including events that would result in an adjustment to the exercise price for the Warrants or the number of Warrant Shares issuable upon exercise of the Warrants, a prescribed number of days prior to the record date or effective date, as the case may be, of such event.

The Warrant Indenture will provide that, from time to time, the Warrant Agent and the Company, without the consent of the holders of Warrants, may be able to amend or supplement the Warrant Indenture for certain purposes, including rectifying any ambiguities, defective provisions, clerical omissions or mistakes, or other errors contained in the Warrant Indenture or in any deed or indenture supplemental or ancillary to the Warrant Indenture, provided that, in the opinion of the Warrant Agent, relying on the opinion of legal counsel, the rights of the holders of Warrants, as a group, are not prejudiced thereby.

The Warrant Indenture will provide that in the event of an extraordinary transaction, as described in the Warrant Indenture and generally including any merger, arrangement or amalgamation of the Company with or into another entity, sale of all or substantially all of the Company's assets, tender offer or exchange offer, or reclassification of the Common Shares, the holders of the Warrants will generally be entitled to receive upon exercise of the Warrants the kind and amount of securities, cash or other property that the holders would have received had they exercised the Warrants immediately prior to such extraordinary transaction.

The Warrant Indenture will contain provisions making binding upon all holders of Warrants resolutions passed at meetings of such holders in accordance with such provisions or by instruments in writing signed by holders of Warrants holding a specified percentage of the Warrants. Any amendment or supplement to the Warrant Indenture that is prejudicial to the interests of the holders of Warrants, as a group, will be subject to approval by an "Extraordinary Resolution", which will be defined in the Warrant Indenture as a resolution either: (i) passed at a meeting of the holders of Warrants at which there are holders of Warrants present in person or represented by proxy representing at least 20% of the aggregate number of the then outstanding Warrants and passed by the affirmative vote of holders of Warrants representing not less than 66 $\frac{2}{3}$ % of the aggregate number of Warrants represented at the meeting in person or by proxy and voted on the poll for such resolution; or (ii) adopted by an instrument in writing signed by the holders of Warrants representing not less than 66 $\frac{2}{3}$ % of the number of all of the then outstanding Warrants.

The principal transfer office of the Warrant Agent in Toronto, Ontario is the location at which Warrants may be surrendered for exercise or transfer.

### Agent Options

For its services in connection with the Offering, the Agents will receive non-transferrable Agent Options to purchase an aggregate of [•] Agent's Units ([•] in the event the Over-Allotment Option is exercised in full for Option Units only). Each Agent Option entitles the holder to purchase one Agent's Unit at the Offering Price for a period of [•] months from the Closing Date. The terms governing the Agent Options are set out on the certificates representing the Agent Options and include, among other things, customary provisions for the appropriate adjustment of the number of Units issuable pursuant to any exercise of the Agent Options upon the occurrence of certain events, including any subdivision, consolidation or reclassification of the Common Shares, any capital reorganization of the Company, or any merger, consolidation or amalgamation of the Company with another corporation or entity, as well as customary amendment provisions. The Agents, as holders of the Agent Options, will not as such have any voting right or other right attached to Common Shares until and unless the Agent Options are duly exercised as provided for in the certificates representing the Agent Options.

### PRIOR SALES

During the 12-month period before the date of this Prospectus, the only issue of Common Shares, or securities convertible into or exchangeable for Common Shares, by the Company were as follows:

<u>Date</u>	<u>Securities</u>	<u>Issue Price/ Exercise Price</u>	<u>Number of Securities</u>
February 8, 2022	Common Shares	\$1.00	4,700,000 <sup>(1)</sup>
February 8, 2022	Warrants	\$1.25	4,700,000 <sup>(1)</sup>
February 8, 2022	Common Shares	\$1.00	5,335,170 <sup>(2)</sup>
February 8, 2022	Warrants	\$1.25	5,335,170 <sup>(2)</sup>
February 8, 2022	Common Shares	\$1.00	59,893,069 <sup>(3)</sup>
February 8, 2022	Stock Options	\$1.00	7,550,000
February 8, 2022	Warrants	\$1.25	27,733,738 <sup>(4)</sup>
March 2, 2022	Common Shares	\$0.05	100,000 <sup>(5)</sup>
June 16, 2022	Common Shares	\$0.05	750,000 <sup>(5)</sup>
September 23, 2022	Common Shares	\$0.05	100,000 <sup>(5)</sup>

Notes:

- (1) Issued in connection with the public offering by way of prospectus dated January 31, 2022.
- (2) Issued in connection with the conversion of the subscription receipts issued by Old PesoRama in connection with the Qualifying Transaction.
- (3) Issued to Old PesoRama shareholders in connection with the Qualifying Transaction.
- (4) Issued to previous Old PesoRama warrant holders in connection with the Qualifying Transaction.
- (5) Issued upon exercise of Warrants

### TRADING PRICE AND VOLUME

#### Common Shares

The Common Shares are listed for trading on the TSXV under the trading symbol "PESO". The following table sets out the high and low closing market prices and the volume traded of the Common Shares on the TSXV since February 2022:

<b>2022<sup>(1)</sup></b>	<b>HIGH (\$)</b>	<b>LOW (\$)</b>	<b>VOLUME</b>
February	0.79	0.50	1,227,786
March	0.75	0.59	1,662,890
April	0.71	0.42	900,449
May	0.465	0.315	437,368
June	0.32	0.225	200,650
July	0.27	0.205	538,601
August	0.27	0.205	335,686
September	0.36	0.23	329,304
October 3 – October 5	0.27	0.21	63,500

Note:

(1) The Common Shares were halted from June 6, 2019 to February 24, 2022 in connection with the Qualifying Transaction.

## Warrants

Certain outstanding Common Share purchase warrants of the Company are listed for trading on the TSXV under the trading symbol "PESO.WT". The following table sets out the high and low closing market prices and the volume traded of the Common Shares on the TSXV since March 30, 2022, the date which the warrants were listed for trading on the TSXV:

2022 <sup>(1)</sup>	HIGH (\$)	LOW (\$)	VOLUME
March	0.11	0.10	175,000
April	0.11	0.11	2,000
May	0.06	0.05	35,500
June	N/A	N/A	N/A
July	N/A	N/A	N/A
August	0.01	0.01	6,000
September	0.02	0.01	10,000
October 3 – October 5	N/A	N/A	N/A

Note:

(1) The warrants were listed for trading on the TSXV under the trading symbol "PESO.WT" on March 30, 2022

## CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Irwin Lowy LLP, counsel to the Company, and DLA Piper (Canada) LLP, counsel to the Agents, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations pursuant to the Tax Act that generally apply to a purchaser of Units who, at all relevant times and for purposes of the Tax Act, will acquire and hold the Common Shares, the Warrants and the Warrant Shares as capital property and deals at arm's length with, and is not affiliated with, the Company or the Agents (a "**Holder**"). Generally, the Common Shares, the Warrants and the Warrant Shares will be considered to be capital property to a Holder unless the Holder holds such securities in the course of carrying on a business of trading or dealing in securities or has acquired them in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary does not apply to a Holder (a) that is a "financial institution", as defined in the Tax Act, for purposes of the mark-to-market rules therein; (b) that is a "specified financial institution" as defined in the Tax Act; (c) an interest in which is a "tax shelter investment" as defined in the Tax Act; (d) that has made a functional currency reporting election under the Tax Act; (e) that has entered or will enter into a "derivative forward agreement" or a "synthetic disposition arrangement", as defined in the Tax Act, with respect to the Common Shares, the Warrants or the Warrant Shares; (f) that receives dividends on Common Shares or Warrant Shares under or as part of a "dividend rental arrangement"; (g) that is exempt from tax under Part I of the Tax Act; (h) that is a partnership; or (i) that is a "substantive CCPC" as defined in the Proposed Amendments, as defined in the Tax Act. Such Holders should consult their own tax advisors.

This summary is based upon the current provisions of the Tax Act in force as of the date hereof, specific proposals to amend the Tax Act (the "**Proposed Amendments**") which have been announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, and counsel's understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency (the "**CRA**"). This summary assumes that the Proposed Amendments will be enacted in the form proposed and does not take into account or anticipate any other changes in law, whether by way of judicial, legislative or governmental decision or action, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ from the Canadian federal income tax considerations discussed herein. No assurances can be given that such Proposed Amendments will be enacted as proposed or at all, or that legislative, judicial or administrative changes will not modify or change the statements expressed herein.

**This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units. The following description of income tax matters is of a general nature only and is not intended to be, nor should it be construed to be, legal or income tax advice to any particular Holder. Holders are urged to consult their own income tax advisors with respect to the tax consequences applicable to them based on their own particular circumstances.**

### **Allocation of Purchase Price for Units**

A Holder who acquires Units will be required to allocate the purchase price of each Unit between the Common Share and the Warrant on a reasonable basis in order to determine their respective costs for purposes of the Tax Act.

For its purposes, the Company intends to allocate \$[•] of the issue price of each Unit for the issue of each Common Share and \$[•] of the issue price of each Unit for the issue of each Warrant. Although the Company believes that this allocation is reasonable, it is not binding on the CRA or the Holder and the CRA may not be in agreement with such allocation. Counsel express no opinion with respect to such allocation.

### **Adjusted Cost Base of Common Shares**

The adjusted cost base to a Holder of a Common Share acquired pursuant to the Offering will be determined by averaging the cost of that Common Share with the adjusted cost base (determined immediately before the acquisition of the Common Share) of all other Common Shares held as capital property by the Holder immediately prior to such acquisition.

### **Exercise of Warrants**

No gain or loss will be realized by a Holder upon the exercise of a Warrant to acquire a Warrant Share. The Holder's cost of the Warrant Share will equal the aggregate of such Holder's adjusted cost base of the Warrant exercised plus the exercise price paid for such Warrant Share. The Holder's adjusted cost base of such Warrant Share so acquired will be determined by averaging the cost of the Warrant Share with the adjusted cost base (determined immediately before the acquisition of the Warrant Share) of all other Common Shares (if any) held by such Holder as capital property immediately prior to such acquisition.

### **Canadian Resident Holders**

The following section of this summary applies only to a Holder who, for purposes of the Tax Act, is or is deemed to be resident in Canada at all relevant times (a "**Resident Holder**"). Certain Resident Holders whose Common Shares and Warrant Shares might not constitute capital property may, in certain circumstances, make an irrevocable election permitted by subsection 39(4) of the Tax Act to deem the Common Shares and Warrant Shares, and every other "Canadian security" (as defined in the Tax Act), held by such Resident Holder in the taxation year of the election and all subsequent taxation years to be capital property. This election does not apply to the Warrants. Resident Holders should consult their own tax advisors regarding this election.

### ***Expiry of Warrants***

If a Warrant expires unexercised, the Resident Holder will generally realize a capital loss equal to the adjusted cost base of such Warrant to the Resident Holder. The tax treatment of capital gains and capital losses is discussed under the subheading "*Capital Gains and Capital Losses.*"

### ***Dividends on Common Shares and Warrant Shares***

Dividends received or deemed to be received on Common Shares or Warrant Shares will be included in computing the Resident Holder's income. In the case of a Resident Holder who is an individual, (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules that apply to "taxable dividends" received from "taxable Canadian corporations", including an enhanced gross-up and dividend tax credit that applies to any dividends designated as "eligible dividends" by the Company. There may be restrictions on the Company's ability to so designate any dividends as "eligible dividends", and the Company has made no commitments in this regard.

Dividends received or deemed to be received on Common Shares or Warrant Shares by a Resident Holder that is a corporation will be included in computing the Resident Holder's income but will generally be deductible in computing its taxable income. A Resident Holder that is a "private corporation" or a "subject corporation" (each as defined in the Tax Act) may be liable to pay a refundable tax under Part IV of the Tax Act on dividends received or deemed to be received on the Common Shares and Warrant Shares to the extent that such dividends are deductible in computing the Resident Holder's taxable income for the taxation year.

In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received by a Resident Holder that is a corporation as proceeds of a disposition or a capital gain. Resident Holders that are corporations should consult their own tax advisors having regard to their own circumstances.

### ***Disposition of the Common Shares, the Warrants and the Warrant Shares***

A Resident Holder who disposes or is deemed to dispose of a Warrant (other than on the exercise thereof), a Common Share, or Warrant Share (other than on dispositions of the Common Share or Warrant Share to the Company in a transaction that is not a sale in the open market in the manner in which such shares would normally be purchased by any member of the public in an open market) will generally realize a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition, are greater (or less) than the adjusted cost base of such security to the Resident Holder. The tax treatment of capital gains and capital losses is discussed under the subheading "*Capital Gains and Capital Losses*".

### ***Capital Gains and Capital Losses***

Generally, a Resident Holder is required to include in computing its income for a taxation year one-half of the amount of any capital gain (a "**taxable capital gain**") realized in the year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder is required to deduct one-half of the amount of any capital loss (an "**allowable capital loss**") realized in a taxation year from taxable capital gains realized in the year by such Resident Holder. Any unused allowable capital losses may be applied to reduce net taxable capital gains realized in any of the three prior years or in any subsequent year in the circumstances and to the extent provided in the Tax Act.

A capital loss realized on the disposition of a Common Share or Warrant Share by a Resident Holder that is a corporation may in certain circumstances be reduced by the amount of dividends that have been previously received or deemed to have been received by the Resident Holder on such share or shares substituted for such share to the extent and in the circumstances described by the Tax Act. Similar rules may apply where a Resident Holder that is a corporation is a member of a partnership or a beneficiary of a trust that owns Common Shares or Warrant Shares, directly or indirectly, through a partnership or trust. Resident Holders to whom these rules may be relevant should consult their own tax advisors.

A Resident Holder that is throughout the year a "Canadian-controlled private corporation" (as defined in the Tax Act) may also be liable to pay an additional refundable tax on its "aggregate investment income" (as defined in the Tax Act) for the year, which will include taxable capital gains. Certain Proposed Amendments are intended to extend this additional tax and refund mechanism in respect of aggregate investment income to "substantive CCPCs" as defined in the Proposed Amendments. Resident Holders should consult their own tax advisors with regard to this additional tax and refund mechanism.

### ***Alternative Minimum Tax***

Capital gains realized and taxable dividends received or deemed to be received by a Resident Holder that is an individual (including certain trusts) may affect the Resident Holder's liability to pay alternative minimum tax under the Tax Act. Resident Holders should consult their own tax advisors with respect to the application of alternative minimum tax.

### **Non-Resident Holders**

The following section of this summary generally applies to a Holder who, at all relevant times and for purposes of the Tax Act, is not resident or deemed to be resident in Canada, and does not use or hold the Common Shares, the Warrants or the Warrant Shares in the course of a business carried on or deemed to be carried on in Canada (a "**Non-Resident Holder**"). Special rules, which are not discussed in this summary, may apply to a Non-Resident Holder that is an

insurer carrying on business in Canada and elsewhere or that is an "authorized foreign bank" (as defined in the Tax Act). Such Holders should consult their own tax advisors.

### ***Dividends***

Dividends paid or credited or deemed to be paid or credited to a Non-Resident Holder on the Common Shares or Warrant Shares will generally be subject to Canadian withholding tax at the rate of 25% on the gross amount of such dividend but subject to reduction under the provisions of an applicable tax treaty or convention. Under the *Canada-United States Tax Convention* (1980), as amended (the "**Treaty**"), the rate of withholding tax on such dividends paid or credited to a Non-Resident Holder who is resident of the United States for purposes of the Treaty and fully entitled to the benefits under the Treaty is generally reduced to 15% of the gross amount of the dividend (or 5% if such Non-Resident Holder is a company that beneficially owns at least 10% of the Company's voting stock).

### ***Disposition of the Common Shares, the Warrants and the Warrant Shares***

A Non-Resident Holder who disposes, or is deemed to have disposed, of a Common Share, Warrant or Warrant Share will not be subject to income tax under the Tax Act in respect of any capital gain realized on such disposition or deemed disposition unless, at the time of such disposition or deemed disposition, the Common Share, Warrant or Warrant Share, as the case may be, is or is deemed to be "taxable Canadian property" (as defined in the Tax Act) to the Non-Resident Holder, and the gain is not exempt from tax pursuant to the terms of an applicable tax treaty or convention.

Provided that the Common Shares and Warrant Shares are listed on a "designated stock exchange" as defined in the Tax Act (which currently includes the TSXV) at the time of disposition, the Common Shares, the Warrants and the Warrant Shares will generally not constitute taxable Canadian property of a Non-Resident Holder at that time, unless at any time during the 60-month period immediately preceding the disposition, the following two conditions are met: (a) one or any combination of (i) the Non-Resident Holder, (ii) persons with whom the Non-Resident Holder did not deal at arm's length, or (iii) partnerships in which the Non-Resident Holder or such non-arm's length persons held a membership interest (either directly or indirectly through one or more partnerships), owned 25% or more of the issued shares of any class or series of the capital stock of the Company; and (b) more than 50% of the fair market value of the Common Shares or Warrant Shares was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, "Canadian resource properties" (as defined in the Tax Act), "timber resource properties" (as defined in the Tax Act) or an option in respect of, an interest in, or for civil law purposes, a right in, any such property, whether or not such property exists. The Common Shares, the Warrants or the Warrant Shares may also be deemed to be taxable Canadian property to a Non-Resident Holder for purposes of the Tax Act in certain circumstances.

A Non-Resident Holder's capital gain (or capital loss) in respect of the Common Shares, the Warrants and the Warrant Shares that constitute or are deemed to constitute taxable Canadian property (and are not "treaty-protected property" as defined in the Tax Act) will generally be computed in the manner described above under the subheading "*Resident Holders*" - "*Disposition of the Common Shares, the Warrants and the Warrant Shares*".

Non-Resident Holders whose Common Shares, Warrants or Warrant Shares are taxable Canadian property should consult their own tax advisors.

## **RISK FACTORS**

An investment in the Units is subject to certain risks. Risk factors relating to the Company are discussed in the AIF (on pages 20 through 33), all of which are incorporated by reference in this Prospectus. These risk factors relate to the following: operational risks, regulation and permitting, evolving markets, legislative regimes, transaction risks, industry growth, uncertainty of new business models, speed of introduction of products to the marketplace, undetected flaws, risks of operation in urban areas, marketing risks, geographical expansion, limited operating history, substantial capital requirements, history of losses, reliance on management and key employees, management of growth, risks associated with operations in other countries, risks associated with operations in the United States, risks associated with acquisitions, electronic communication security risks, insurance coverage, tax risk, currency fluctuations, conflicts of interest, competitive markets, uncertainty and adverse changes in the economy, reliance on components and certain raw materials, change in technology, quality of products and services, maintenance of technology

infrastructure, privacy protection, development costs, product defects, insufficient research and development funding, uncertainty related to exportation, legal proceedings, reliance on business partners, unfavourable publicity or public perception, protection of intellectual property rights, infringement by the Company of intellectual property rights, resale of shares, market for securities, dividends, and global financial conditions.

These risk factors, together with all of the other information included or incorporated by reference in this Prospectus, should be carefully reviewed and considered before a decision is made to invest in the securities offered hereunder. The Company has encountered, and will continue to encounter, risks and uncertainties frequently experienced by growing companies in rapidly changing industries. Additional risks not currently known may also negatively impact the Company's business operations and results of operations. If the Company's assumptions regarding these risks and uncertainties (on which the Company relies in the planning of its business) are incorrect, change due to changes in the Company's markets, or if the Company does not address these risks and uncertainties successfully, the Company's business, prospects, financial condition and results of operations could differ materially from its expectations and/or could be materially and adversely affected. In addition to such risk factors, investors should consider the following additional risks related to the Offering:

### **History of Negative Cash Flows**

For the six months ended July 31, 2022, the Company incurred a net loss of \$9,176,258 (July 31, 2021 - \$3,955,192), had an accumulated deficit of \$32,071,006 (January 31, 2022 - \$22,894,748) and used \$6,399,620 of cash in operating activities (July 31, 2021 – used \$875,556). As at July 31, 2022, the Company had working capital of \$1,681,356 (January 31, 2022 - \$1,746,215 working capital deficit). The Company will need to raise additional financing to continue operations and fund its expansion strategy consisting of opening additional stores during the foreseeable future.

### **Market Price of Common Shares**

The trading prices of TSXV-listed companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in Canada, North America and globally, and market perceptions of the attractiveness of particular industries. The trading price of the Common Shares is also likely to be significantly affected by changes from time to time in the Company's operating results, financial condition, liquidity and other internal factors.

### **Unallocated Proceeds of the Offering**

The Company intends to use the net proceeds in the manner described under the heading "*Use of Proceeds*". However, the Company's management will have broad discretion concerning the use of the net proceeds of the Offering as well as the timing of their expenditures, and there can be no assurance as to how the funds will be allocated, especially if the Company determines to revise its business plan and growth strategy to no longer focus on the United States or other international jurisdictions, due to the legislative climate or otherwise. The failure of the Company to apply these funds effectively could negatively impact the success of the Company's business.

Until utilized, the net proceeds of the Offering will be held in cash balances in the Company's bank account or invested at the discretion of the Board. As a result, a purchaser will be relying on the judgment of management of the Company for the application of the net proceeds of the Offering. The results and the effectiveness of the application of the net proceeds are uncertain. If the net proceeds are not applied effectively, the Company's business, prospects, financial condition and results of operations may suffer, which could have material and adverse effect on the trading price of the Common Shares and the Warrants in the market.

### **Dilution**

While the net proceeds of the Offering are expected to enhance the Company's liquidity, to the extent that a portion of the net proceeds of the Offering remains as cash, the Offering may dilute the interest of holders of Common Shares. In the future, the Company may raise funds through the sale of additional Common Shares or securities convertible or exchangeable into or exercisable for Common Shares. Any such issuances may dilute the interests of the then-current holders of Common Shares and may have a negative impact on the market price of the Common Shares.

### **Absence of Market for Warrants**

There is currently no market through which the Warrants may be sold and purchasers of Units may not be able to resell the Warrants purchased under this Prospectus. While the Company has applied to list the Warrants on the TSXV, such listing is subject to TSXV approval which is not guaranteed. If listed, the Warrants may trade at a discount depending on the market for similar securities, the Company's performance, the performance of the Common Shares and other factors. No assurance can be given that a liquid market for the Warrants will develop for the Warrants after the Offering, or if developed, that such a market will be sustained at the price level of the Offering. To the extent that an active trading market for the Warrants does not develop, the liquidity and trading price of the Warrants may be adversely affected. The Offering Price and the allocation thereof between the Common Shares and the Warrants comprising the Units have been determined by negotiation between the Company and the Agents.

### **Holders of Warrants Have no Rights as a Shareholder**

Until a holder of Warrants acquires Warrant Shares upon exercise of Warrants, such holder will have no rights with respect to the Warrant Shares underlying such Warrants. Upon exercise of such Warrants, such holder will be entitled to exercise the rights of a common shareholder only as to matters for which the record date occurs after the exercise date.

### ***Need for Future Financing***

The future development of the Company's business will require additional financing or refinancing. There are no assurances that such financing or refinancing will be available, or if available, available upon terms acceptable to the Company. If sufficient capital is not available, the Company may be required to delay the expansion of its business and operations, which could have a material adverse effect on the Company's business, financial condition, prospectus or results of operation.

### **The Company has discretion in its use of the proceeds from the Offering**

The Company intends to use the net proceeds of the Offering as set forth under "Use of Proceeds". Management of the Company maintains broad discretion to spend the proceeds in ways that it deems most efficient and may use the net proceeds other than as described and in ways that an investor may not consider desirable. As a result, an investor will be relying on the judgment of management for the application of the net proceeds of the Offering. The application of the proceeds to various items may not necessarily enhance the value of the Common Shares. The failure to apply the net proceeds as set forth under "Use of Proceeds" could adversely affect the Company's business and, consequently, could adversely affect the price of the Common Shares on the open market.

### **Impact of COVID-19**

In December 2019, a novel strain of coronavirus disease ("COVID-19") was reported in Wuhan, China. On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. The outbreak has reached more than 200 countries, resulting in the implementation of significant governmental measures, including travel restrictions, lockdowns, border closures, non-essential business closures, quarantines, self-isolations, shelters-in-place and social distancing, intended to control the spread of the virus. While these effects are expected to be temporary, the COVID-19 outbreak has already caused severe global disruptions. In response to the virus, numerous countries and provincial, state and local governments, including jurisdictions where the Company operates, have placed large populations under lock-down or implemented similar measures and policies. In addition, several countries have instituted travel bans, in some cases closing their borders to all but non-essential traffic. Companies are also taking precautions, such as requiring employees to work remotely, imposing additional travel restrictions and temporarily closing businesses. These restrictions and prevention and mitigation measures have had and are likely to continue to have an adverse impact on global economic conditions and consumer confidence and spending and could have an adverse effect on the production of, and the demand for, our products and services. Uncertainties regarding the economic impact of

COVID-19 have resulted and may continue to result in market turmoil, which has and could continue to negatively impact our business, financial condition and cash flows.

At this point in time, it is difficult to predict the duration and extent of the pandemic and its future impact on our business. The extent of COVID-19's effect on our future operational and financial performance will depend on future developments, including the duration, spread, severity and any recurrence of the COVID-19 virus, the nature and extent of governmental measures taken to contain the COVID-19 pandemic, the effectiveness and availability of vaccines, and the extent of the impact of the pandemic on the competitive landscape and overall economic conditions, all of which are uncertain and difficult to predict. The impact of COVID-19 on any of our employees, suppliers, distributors or transportation or logistics providers may negatively affect the price and availability of our products and services and impact our supply chain. If the disruptions caused by COVID-19 continue for an extended period of time, our ability to meet the demands of our customers may be materially impacted - as could the level of demand from our customers.

### PROMOTERS

Rahim Bhaloo is considered to be a promoter of the Company under applicable securities laws. Mr. Bhaloo currently holds directly or controls a total of 6,500,000 Common Shares representing approximately 8.91% of the issued and outstanding Common Shares and stock options exercisable into 1,325,000 Common Shares representing approximately 15.40% of the Company's issued and outstanding common stock options, in each case, as of the date of this Prospectus. No asset was acquired within the two years before the date of this Prospectus, or thereafter is to be acquired by the Company or by a subsidiary of the Company from Mr. Bhaloo.

### CEASE TRADE ORDERS

Other than as described below, none of the directors or executive officers has, within the 10 years prior to the date of this Prospectus, been a director, chief executive officer or chief financial officer of any company that, while such person was acting in that capacity (or after such person ceased to act in that capacity but resulting from an event that occurred while that person was acting in such capacity) was the subject of a cease trade order, an order similar to a cease trade order, or an order that denied the company access to any exemption under securities legislation, in each case for a period of more than 30 consecutive days.

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 OSC 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*.

### LEGAL PROCEEDINGS AND REGULATORY ACTIONS

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.

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

In November 2021, the former Chief Executive Officer 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. The Former CEO is also seeking, in the aggregate, approximately \$5.3 million in compensatory and punitive damages in connection with the foregoing claims.

In May 2022, a judgement was rendered by the in the Ontario Superior Court of Justice against the partners of Chitiz Pathak LLP, a law firm where Mr. Paul Pathak is a partner, in the amount of \$50,000 (in aggregate) for breach of fiduciary duty to a former partner of the firm. The claim by the former partner was for significantly greater damages, the bulk of which claim was dismissed by the court.

At July 31, 2022, 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 \$40,000.

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 \$335,000 of unpaid director compensation fees. On September 19, 2022, the Court of Queen's Bench of Alberta issued a default judgment in the amount of \$360,867.05 in favour of the Plaintiff. The Company is seeking to have the default judgment overturned and intends to defend the litigation.

### **DEPOSITORY SERVICES**

Except in certain limited circumstances: (i) the Units will be issued and deposited in electronic form with CDS or its nominee pursuant to the book-based system administered by CDS; (ii) certificates evidencing the Units will not be issued to purchasers; and (iii) purchasers of Units will receive only a customer confirmation from the Agents or other registered dealer who is a CDS participant and from or through whom a beneficial interest in the Units are purchased. Holders of Units who are not issued a certificate evidencing the Units are entitled under the *Business Corporations Act* (Ontario) to request that a certificate be issued in their name. Such a request will need to be made through the CDS participant through whom the beneficial interest in the securities are held at the time of the request. The ability of a beneficial owner of Units to pledge such securities or otherwise take action with respect to such owner's interest in such securities (other than through a CDS participant) may be limited due to the lack of a physical certificate.

Neither the Company nor the Agents will assume any liability for: (i) any aspect of the records relating to the beneficial ownership of the Units held by CDS or the payments relating thereto; (ii) maintaining, supervising or reviewing any records relating to the Units; or (iii) any advice or representation made by or with respect to CDS and those contained in this Prospectus and relating to the rules governing CDS or any action to be taken by CDS or at the direction of its CDS participants. The rules governing CDS provide that it acts as the agent and depository for the CDS participants. As a result, CDS participants must look solely to CDS and persons, other than CDS participants, having an interest in the Units must look solely to CDS participants for payments made by or on behalf of the Company to CDS in respect of the Units.

### **INTEREST OF EXPERTS**

The following persons or companies whose profession or business gives authority to the report, valuation, statement or opinion made by the person or company are named in this Prospectus as having prepared or certified a report, valuation, statement or opinion in this Prospectus.

Irwin Lowy LLP, counsel for the Company, and DLA Piper (Canada) LLP, counsel for the Agents, may opine as to certain matters related to the Offering. As of the date hereof, partners and associates of Irwin Lowy LLP and DLA Piper (Canada) LLP, each as a group, own, directly or indirectly, in the aggregate, less than 1% of the securities of the Company.

The independent auditor of the Company is MNP LLP, Chartered Professional Accountants, Montreal, Quebec. The Company's transfer agent and registrar is TSX Trust Company, Suite 301, 100 Adelaide Street West, Toronto, Ontario M5H 4H1.

## STATUTORY AND CONTRACTUAL RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces of Canada, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revision of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

Under the Warrant Indenture, original purchasers of Warrants pursuant to the Offering will have a non-assignable contractual right of rescission if this prospectus (including documents incorporated herein by reference) or any amendment hereto contains a misrepresentation (within the meaning of the *Securities Act* (Ontario)). This contractual right of rescission shall be subject to the defences, limitations and other provisions described under part XXIII of the *Securities Act* (Ontario), and is in addition to any other right or remedy available to original purchasers under section 130 of the *Securities Act* (Ontario) or otherwise at law. For greater certainty, the contractual right of rescission will entitle such original purchasers to receive the amount paid upon conversion, exchange or exercise, as well as the amount paid for the original Warrant, upon surrender of the underlying securities acquired thereby, in the event that this prospectus (as supplemented or amended) contains a misrepresentation, provided that: (i) the conversion, exchange or exercise takes place within 180 days of the date of the purchase of the Units under this prospectus; and (ii) the right of rescission is exercised within 180 days of the date of the purchase of the Units under this prospectus. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of this right of action for damages, or consult with a legal advisor.

**CERTIFICATE OF THE COMPANY**

Dated: October 6, 2022

This short form preliminary prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada except Quebec.

*"Erica Fattore" (signed)*

Erica Fattore  
President and Chief Executive Officer

*"Rahim Bhaloo" (signed)*

Rahim Bhaloo  
Interim Chief Financial Officer

**On behalf of the Board of Directors**

*"Andrew Parks" (signed)*

Andrew Parks  
Director

*"Paul Pathak" (signed)*

Paul Pathak  
Director

**CERTIFICATE OF THE AGENTS**

Dated: October 6, 2022

To the best of our knowledge, information and belief, this short form preliminary prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada except Quebec.

**CANACCORD GENUITY CORP.**

By: (signed) "*Jason Robertson*"  
**Jason Robertson**  
Managing Director, Investment Banking

**RICHARDSON WEALTH LIMITED**

By: (signed) "*Nargis Sunderji*"  
**Nargis Sunderji**  
Vice President, Private Client Capital Markets

**CORMARK SECURITIES INC.**

By: (signed) "*Alfred Avanesy*"  
**Alfred Avanesy**  
Managing Director, Head of Investment Banking

## **CERTIFICATE OF THE PROMOTERS**

Dated: October 6, 2022

This short form preliminary prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada except Quebec.

*"Rahim Bhaloo"*

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Signed: Rahim Bhaloo