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Research Note

PesoRama – Solid Q2 Financials; Scaling as Expected

Rating	Target Price
BUY	**$1.60**
Unchanged	*Unchanged*

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Disseminated on Behalf of PesoRama Inc.

All figures in CAD unless otherwise stated

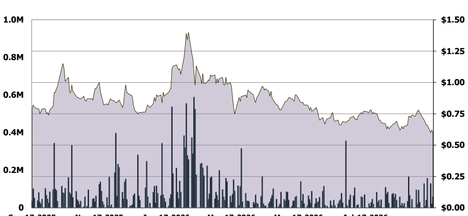
PesoRama Inc.	**PESO:TSXV**
Rating	BUY
Target Price	$1.60
Return to Target	196%

Market Data	
Share Price	$0.54
Average Daily TSXV Volume (K)	181.1
52 Week Range	$0.22 / $0.80
FD ITM Shares (M)	252.4
Market Cap ($M)	$136.3
Cash & Marketable Securities ($M)	$4.0
Debt ($M)	$34.4
Enterprise Value ($M)	$166.7

FYE Jan 31	**FY26A**	**FY27E**	**FY28E**
Revenue ($M)	$26.7	$47.9	$111.1
Gross Margin (%)	46%	44%	47%
Adj. EBITDA ($M)	($3.5)	($0.6)	$10.1
Adj. EBITDA Margin (%)	(13%)	(1%)	9%
Net Income ($M)	($13.5)	($12.3)	($0.2)
EPS (Basic)	($0.11)	($0.06)	($0.00)

Valuation	**FY26A**	**FY27E**	**FY28E**
EV/EBITDA	N/A	N/A	16.6x
EV/Sales	6.2x	3.5x	1.5x

Please refer to the applicable disclosures on the back page
Source: Atrium Research, CapitalIQ, Company Documents



PesoRama, operating under the JOi Dollar Plus brand, is a Mexican value dollar store retailer. PesoRama launched operations in 2019 in Mexico City and the surrounding areas targeting high density, high traffic locations. PesoRama's 46 stores offer consistent merchandise offerings which include items in the following categories: household goods, pet supplies, seasonal products, party supplies, health and beauty, snack food items, confectionery and more.

What you need to know:

- PesoRama reported record Q2/27 revenue of $9.7M (+59% YoY, +29% QoQ), in line with our $10.0M estimate. Adjusted EBITDA was ($0.3M), also in line with our estimate of ($0.4M).
- Gross margin was 44% vs. our 45% estimate. Same-store sales grew 4% on +37% average traffic and a +2% average ticket.
- The store network reached 42 at the end of the quarter and stands at 46 today, with seven stores opened in the period.
- We recently initiated coverage on PESO, read our initiation report here.

Yesterday evening, PesoRama (PESO:TSXV, PSSOF:OTCQX) reported Q2/27 financial results (ending July 31st) that were largely in line with our expectations, showcasing its scaling store count with revenue up 59% YoY. PESO delivered the highest revenue quarter in its history while continuing to accelerate the store rollout, and completed the reset of its balance sheet with the senior secured revolving facility now repaid in full. **We are maintaining our BUY rating and target price of $1.60/share on PesoRama.**

Key Highlights

- Revenue came in at $9.7M (+59% YoY), in line with our estimate of $10.0M. This builds on the 36% YoY growth posted in Q1 and represents 29% QoQ growth, marking the highest revenue quarter in the Company's history.
- Same-store sales grew 4% against our 5% forecast. SSSG was also positive in each month of the quarter. Average traffic increased 37% and average ticket increased 2% across the network.
- Gross profit increased 46% YoY to $3.3M. Product gross margin was 44% in line with our 45% estimate. Store expenses improved to 5.3% of sales from 5.6%.
- G&A increased 62% YoY, roughly in line with revenue with the largest increases coming from salaries/wages, SBC, professional fees, and travel. Large amounts of this came from the recent financings and are not core to operations. Store expenses only increased 40% YoY, demonstrating some operating leverage.
- Adjusted EBITDA came in at ($0.3M), ahead of our ($0.4M) estimate and an improvement over the ($0.6M) posted in Q2/26 and the ($1.1M) in Q1.
- PESO opened seven new stores in Q2, ending with 42 stores against 28 a year ago (+50% YoY). The Company has opened a further four stores since quarter-end, bringing the network to 46 and announced an additional three stores opening this month bringing the total count to 49.
- Net income was ($4.6M) compared to ($3.0M) in Q2/26. OCF was ($3.3M) as inventory increased $1.7M QoQ. PESO spent $3.1M on capex in the quarter.
- The Company closed the $21.0M senior unsecured convertible debenture financing in June and repaid the senior secured revolving facility in full.
- PESO ended the period with $4.0M in cash and $34.4M in debt. The Company reached positive working capital in the quarter vs. ($13.4M) in Q1 and depths of ($19.5M) in Q3/26.

	Q2/27A	Atrium Est.	YoY
Revenue ($M)	**$9.7**	$10.0	+59%
Product Gross Profit ($M)	**$4.3**	$4.5	+53%
Product Gross Margin (%)	**44%**	45%	-167 bps
Adj. EBITDA ($M)	**($0.3)**	($0.4)	N/A
Adj. EBITDA Margin (%)	**-3%**	-4%	N/A

Figure 1: Q2 Financial Summary

Our Take

The quarter was in line with our expectations, with revenue starting to show growth from the new stores opened. With the balance sheet now largely cleaned up from a working capital perspective, management can now focus on top-line growth and cost containment, trending towards positive EBITDA in the back half of the year.

An interesting data point presented was that new stores are pushing more volume than earlier cohorts at similar maturities, with average monthly sales for stores opened in 2024, 2025, and 2026 being MXN $0.98M, $0.95M, $1.07M, respectively. This also compares to $0.75-0.77M per store for stores opened in 2019-2021. We remind readers that PESO ended the quarter with 42 stores (35.8 average through the quarter) and has since opened store #46 and announced the opening of stores #47, #48, and #49 which will occur in September. That already represents 17% growth on the store count at the halfway point of Q3, and we expect 53 stores by quarter end.

As such, revenue should continue to rise at this rapid pace with our forecasts pointing to $12.9M in sales in Q3, representing 93% YoY growth and 33% QoQ growth. We expect margins to stay at these levels in Q3 as the Company remains in "growth mode". We also remind investors that seasonality is skewed towards Q4, where the store count will have amassed larger levels, marking a strong catalyst. Our estimates move slightly lower to remain conservative on margins, but our target price remains unchanged at $1.60/share based on a DCF valuation projecting 400 stores by FY31.

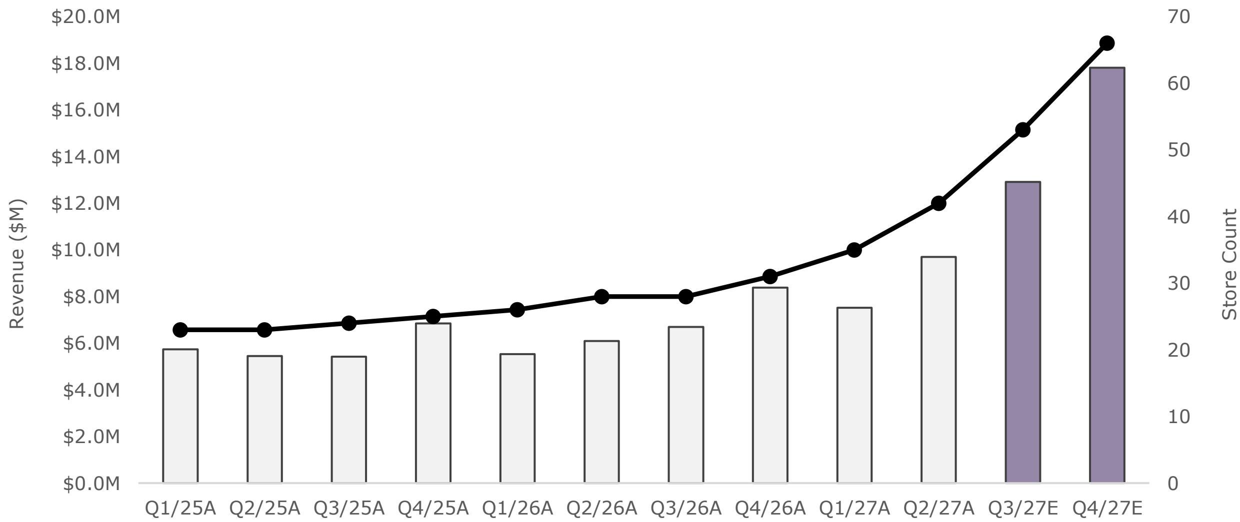


Figure 2: Quarterly Revenue and Store Growth

Why We Like PESO

- There is a significant market opportunity for dollar stores in Mexico, with severely low penetration compared to Canada and the U.S. We believe that stores in the country can 10x over the long term, with PesoRama being one of the first movers. In addition, 71% of monetary spend in Mexico comes from lower and middle-income households.
- PESO's stores have compelling economics, with it only costing about $0.5M to open a store and around 2–3-year payback period. We believe that growth can become self-sustaining over the long term.
- Store rollout is accelerating with the goal of reaching 500 stores over the next 5 years, 35 of which being added in FY27. We are expecting 66 total stores by FY27 and 130 by FY28.
- PESO trades at a discount to dollar store peers on a multiple of sales, with PesoRama leading the growth rate among the peer group by far.

Catalysts

- Quarterly Financial Results (Including Breakeven EBITDA) – Ongoing
- New Store Opening Announcements – Ongoing

Tear Sheet

Market Data	
Ticker	PESO:TSXV
Stock Price	$0.54
Rating	BUY
Target Price	$1.60
Upside	196%
52 Week Range	$0.22 / $0.80
Market Cap ($M)	$136.3
Cash ($M)	$4.0
Debt ($M)	$34.4
EV ($M)	$166.7

Capital Structure	
Basic Shares Outstanding (M)	212.3
Warrants (M)	78.9
Options (M)	20.0
FD Shares (M)	311.2
FD ITM Shares (M)	252.4

Ownership	
Rahim Bhaloo (CEO)	5%
Other Management & Insiders	5%
Retail & Institutions	90%

Financial Estimates	FY25A	Q1/26A	Q2/26A	Q3/26A	Q4/26A	FY26A	Q1/27A	Q2/27A	Q3/27E	Q4/27E	FY27E	FY28E
Revenue ($M)	**23.4**	**5.5**	**6.1**	**6.7**	**8.4**	**26.7**	**7.5**	**9.7**	**12.9**	**17.8**	**47.9**	**111.1**
% YoY	*14%*	*-4%*	*12%*	*24%*	*22%*	*14%*	*36%*	*59%*	*93%*	*113%*	*79%*	*132%*
Product Gross Profit ($M)	**10.4**	**2.6**	**2.8**	**3.1**	**3.7**	**12.2**	**3.3**	**4.3**	**5.7**	**8.0**	**21.3**	**51.9**
Product Gross Margin	*44%*	*46%*	*46%*	*46%*	*45%*	*46%*	*44%*	*44%*	*44%*	*45%*	*44%*	*47%*
Adj. EBITDA ($M)	**(2.4)**	**(0.6)**	**(0.6)**	**(0.5)**	**(2.2)**	**(3.5)**	**(1.1)**	**(0.3)**	**(0.2)**	**1.0**	**(0.6)**	**10.1**
EBITDA Margin	*-10%*	*-11%*	*-9%*	*-8%*	*-27%*	*-13%*	*-15%*	*-3%*	*-2%*	*6%*	*-1%*	*9%*
Net Income ($M)	(10.1)	(3.1)	(3.0)	(2.8)	(4.7)	(13.5)	(3.9)	(4.6)	(2.4)	(1.4)	(12.3)	(0.2)
EPS (Basic)	(0.11)	(0.03)	(0.03)	(0.02)	(0.03)	(0.11)	(0.02)	(0.02)	(0.01)	(0.01)	(0.06)	(0.00)
FCFF ($M)	(6.5)	0.1	(1.1)	(2.0)	(1.0)	(4.0)	(2.2)	(6.4)	(4.5)	(5.9)	(19.0)	(24.5)

Figure 3: Tear Sheet

	Q3/27E		Q4/27E		FY27E		FY28E	
	New	Previous	New	Previous	New	Previous	New	Previous
Revenue ($M)	**$12.9**	$13.0	**$17.8**	$18.0	**$47.9**	$48.4	**$111.1**	$111.6
Gross Margin (%)	**44.0%**	45.0%	**45.0%**	46.0%	**44.5%**	45.2%	**46.7%**	47.0%
Adj. EBITDA ($M)	**($0.2)**	$0.0	**$1.0**	$1.4	**($0.6)**	($0.1)	**$10.1**	$10.4
Net Income ($M)	**($2.4)**	($2.1)	**($1.4)**	($1.0)	**($12.3)**	($9.4)	**($0.2)**	$0.3

Figure 4: Estimate Revisions

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58

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