PriceSmart Announces March Merchandise Sales

Business Update Related to COVID-19
Michael L. McCleary Named Chief Financial Officer

SAN DIEGO, April 7, 2020 /PRNewswire/ -- PriceSmart, Inc. (NASDAQ: PSMT) today announced that for the month of March 2020 net merchandise sales increased 17.1% to $306.1 million from $261.5 million in March a year earlier. Foreign currency exchange rate fluctuations impacted net merchandise sales negatively by $7.7 million or 2.5% versus the same one-month period in the prior year. There were 45 warehouse clubs in operation at the end of March 2020 and 41 warehouse clubs in operation at the end of March 2019.

Fiscal year to date, which includes the seven months ended March 31, 2020, net merchandise sales increased 7.0% to $1,956.5 million from $1,829.2 million for the seven months ended March 31, 2019. Foreign currency exchange rate fluctuations impacted net merchandise sales negatively by $22.7 million or 1.2% versus the same seven month period in the prior year.

For the four weeks ended March 29, 2020, comparable net merchandise sales for the 41 warehouse clubs open at least 13 ½ full months increased 15.7% when compared to the same four-week period last year. Foreign currency exchange rate fluctuations impacted comparable net merchandise sales negatively by $6.9 million or 3.0% versus the same period in the prior year.

For the 30-week period ended March 29, 2020, comparable net merchandise sales increased 2.6% compared to the same 30-week period a year ago. Foreign currency exchange rate fluctuations impacted comparable net merchandise sales negatively by $21.5 million or 1.2% versus the same prior year period.

Sherry Bahrambeygui, Chief Executive Officer, commented:

"In March 2020, the World Health Organization recognized the novel strain of coronavirus, COVID-19, as a pandemic. This coronavirus outbreak has restricted the level of economic activity in many of our markets. Although overall sales for the month of March 2020 increased significantly, driven by members stocking up primarily on food and essentials ahead of potential 'shelter in place' advisories, sales moderated and later decreased in the second half of the month. Toward the end of March, we experienced a noticeable reduction in traffic that we believe was driven by restrictive government mandates and consumer concerns about potential exposure. Many markets have imposed limitations on access for our members and on our club operations, including temporary club closures, limits on the number of days during the week and hours per day our clubs can be open, restrictions on segments of the population permitted to shop on particular days, and limits on the number of people that can be in a club. These restrictions change day-to-day and market-by-market. In addition, the governments of some of the countries in which we operate have expressed a preference in favor of imports of essential items over discretionary goods.

We are working proactively to make best of the situation. To facilitate social distancing, convenience for members and continued sales given the restrictions on our business, we have created alternative means for shopping, including an online catalog that enables our members to see, almost real-time, the availability of products for all clubs as well as curbside pickup and home delivery by us or in coordination with third-party delivery services. We also are launching online ordering and pick-up at club, which we refer to as "Click and Go." We continue to believe that PriceSmart is a premier shopping destination for our members, featuring fresh food, a curated collection of excellent merchandise at value prices and a variety of essential goods and services. However, we expect the impact of the pandemic and the related restrictions on our business to adversely affect traffic and sales over the next few months.

Additionally, given the uncertainty surrounding the potential impact of the outbreak on our results of operations and cash flows, we are proactively taking steps to increase cash available on-hand, including, but not limited to, drawing funds on our short-term facilities and delaying strategic capital expenditures. We will complete the construction of our warehouse club in Liberia, Costa Rica in May 2020, but we have postponed its opening. Additionally, with respect to our previously announced future warehouse club openings on land that we have acquired in Bogota and

Bucaramanga, Colombia and in Jamaica, we have decided, at this time, to suspend or not to initiate the construction of those clubs. We are considering and planning for additional cost savings measures in the U.S. and in the markets where we operate.

We continue to prioritize the safety and well-being of our members and our employees and their families. We wish you and your families good health and safety, as we all work together to emerge from this health crisis."

The Company also announced today that the Board of Directors of PriceSmart, Inc. promoted Michael L. McCleary to Executive Vice President and Chief Financial Officer. Mr. McCleary has held the Interim CFO position since December 10, 2019.

Mr. McCleary joined the Company as Vice President and Corporate Controller in 2003 and was subsequently promoted to Senior Vice President and Corporate Controller. Mr. McCleary has over 30 years of international finance, tax and accounting experience. Mr. McCleary is a C.P.A and has a Bachelor of Arts degree in business economics from the University of California, Santa Barbara. Prior to joining PriceSmart, Mr. McCleary worked for 14 years in various international companies based in Madrid, Spain.

The Company reports comparable net merchandise sales on a "same week" basis with 13 weeks in each quarter beginning on a Monday and ending on a Sunday. The periods are established at the beginning of the fiscal year to provide as close a match as possible to the calendar month and quarter that is used for financial reporting purposes. This approach equalizes the number of weekend days and weekdays in each period for improved sales comparison, as we experience higher merchandise club sales on the weekends. Each of the warehouse clubs used in the calculations was open for at least 13 ½ calendar months before its results for the current period were compared with its results for the prior period.

The term "currency exchange rates" refers to the currency exchange rates we use to convert net merchandise and comparable net merchandise sales for all countries where the functional currency is not the U.S. dollar into U.S. dollars. We calculate the effect of changes in currency exchange rates as the difference between current period activities translated using the current period's currency exchange rates, and the comparable prior year period's currency exchange rates. The disclosure of the effects of currency exchange rate fluctuations on the Company's results permits investors to understand better our underlying performance.

About PriceSmart

PriceSmart, headquartered in San Diego, owns and operates U.S.-style membership shopping warehouse clubs in Latin America and the Caribbean, selling high quality merchandise and services at low prices to PriceSmart members. PriceSmart operates 45 warehouse clubs in 12 countries and one U.S. territory (seven each in Colombia, Costa Rica, and Panama; five in the Dominican Republic, four in Trinidad and Guatemala; three in Honduras; two each in El Salvador and Nicaragua; and one each in Aruba, Barbados, Jamaica and the United States Virgin Islands).

This press release may contain forward-looking statements concerning the Company's anticipated future revenues and earnings, adequacy of future cash flow, proposed warehouse club openings, the Company's performance relative to competitors, the outcome of tax proceedings and related matters. These forward-looking statements include, but are not limited to, statements containing the words "expect," "believe," "will," "may," "should," "project," "estimate," "anticipated," "scheduled," and like expressions, and the negative thereof. These statements are subject to risks and uncertainties that could cause actual results to differ materially including, but not limited to: adverse changes in economic conditions in the Company's markets, natural disasters, compliance risks, volatility in currency exchange rates, competition, consumer and small business spending patterns, political instability, increased costs associated with the integration of online commerce with our traditional business, whether the Company can successfully execute strategic initiatives, breaches of security or privacy of member or business information, cost increases from product and service providers, interruption of supply chains, epidemic, pandemic or other public health issues, exposure to product liability claims and product recalls, recoverability of moneys owed to PriceSmart from governments, and other important factors discussed under the captions "Item 1A. Risk Factors" and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the fiscal year ended August 31, 2019 filed with the United States Securities and Exchange Commission ("SEC") on October 29, 2019. These risk factors may be updated from time to time in our other filings with the SEC, which are accessible on the SEC's website at www.sec.gov. Forward-looking statements speak only as of the date that they are made, and the Company does not undertake to update them, except as required by law.

For further information, please contact Michael L. McCleary, EVP, Chief Financial Officer and Principal Accounting Officer (858) 404-8826 or send an email to ir@pricesmart.com.

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