PriceSmart Announces June Net Merchandise Sales

SAN DIEGO, July 7, 2020 /PRNewswire/ -- PriceSmart, Inc. (NASDAQ: PSMT) today announced that for the month of June 2020 net merchandise sales decreased 1.5% to $249.2 million from $253.1 million in June a year earlier. Foreign currency exchange fluctuations impacted net merchandise sales negatively by $7.8 million or 3.1% versus the same one-month period in the prior year. There were 46 warehouse clubs in operation at the end of June 2020 and 43 warehouse clubs in operation at the end of June 2019.

For the four weeks ended June 28, 2020, comparable net merchandise sales for the 41 warehouse clubs open at least 13 ½ full months decreased 4.9% when compared to the same four-week period last year. Foreign currency exchange rate fluctuations impacted comparable net merchandise sales negatively by $7.1 million or 3.1% versus the same period in the prior year.

Sherry S. Bahrambeygui, Chief Executive Officer, commented:

"We have seen sequential improvement in net merchandise sales over the past two months despite the increasing impact of the global pandemic in our markets. We face certain challenges because of COVID-related government mandates including temporary club closures, a reduction in the number of days during the week and hours per day our clubs are permitted to be open, restrictions on segments of the population permitted to shop or circulate on particular days, and limits on the number of people permitted to be in our clubs at the same time. Comparable sales were strongest in our Caribbean and Colombian markets, but Central America was not as strong, especially where COVID cases and related restrictions have become more prevalent. We estimate a total of approximately 70 club days lost to closures in June, where in-club shopping was not permitted. However, our team continued to quickly adapt to meet our members' needs, having rolled out our Click and Go™ contactless online ordering and curbside pickup service to all markets. Although we only recently launched our Click and Go™ service, we are pleased to report that sales accounted for 2.7% of total net merchandise sales for the month of June 2020. We continue to work on improving and expanding our online initiatives and optimizing our club operations to allow members to have visibility to inventory, options for shopping, and the ability to purchase goods and services safely, quickly and efficiently. As we all work together to persevere and excel during these uncertain times, our online initiatives and club optimizations are directed at fulfilling our top priority to protect the well-being of our employees and members, while enhancing their shopping experience."

Fiscal year to date, which includes the ten months ended June 30, 2020, net merchandise sales increased 3.6% to $2,668.0 million from $2,575.9 million for the ten months ended June 30, 2019. Foreign currency exchange rate fluctuations impacted net merchandise sales negatively by $42.2 million or 1.6% versus the same ten-month period in the prior year.

For the 43-week period ended June 28, 2020, comparable net merchandise sales decreased 1.1% compared to the same 43-week period a year ago. Foreign currency exchange rate fluctuations impacted comparable net merchandise sales negatively by $40.1 million or 1.6% versus the same prior year period.

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 46 warehouse clubs in 12 countries and one U.S. territory (eight in Costa Rica; seven each in Colombia 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). The Company is currently constructing and plans to open a warehouse club in Bogota, Colombia in the second quarter of fiscal year 2021.

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 an 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 the Company uses 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. The Company calculates 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 Company believes the disclosure of the effects of currency exchange rate fluctuations on the Company's results permits investors to understand better the Company's underlying performance.

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, member or business information, cost increases from product and service providers, interruption of supply chains, COVID-19 related factors and challenges, including among others, the duration of the pandemic, the unknown long-term economic impact, the impact of government policies and restrictions that have limited access for our members, and shifts in demand away from discretionary or higher priced products to lower priced products, 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 and our Quarterly Report on Form 10-Q for the three months ended February 29, 2020 filed with the SEC on April 8, 2020. 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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