PriceSmart Announces August Net Merchandise Sales and Earnings Release and Conference Call Dates for Fourth Quarter and Fiscal Year 2020

SAN DIEGO, Sept. 8, 2020 /PRNewswire/ -- PriceSmart, Inc. (NASDAQ: PSMT) today announced that for the month of August 2020 net merchandise sales increased 0.9% to $262.4 million from $260.0 million in August a year earlier. Foreign currency exchange fluctuations impacted net merchandise sales negatively by 3.9%, or $10.1 million versus the same one-month period in the prior year. There were 46 warehouse clubs in operation at the end of August 2020 and 43 warehouse clubs in operation at the end of August 2019.

For the five weeks ended August 30, 2020, comparable net merchandise sales for the 42 warehouse clubs open at least 13 ½ full months decreased 2.8% when compared to the same period last year. Foreign currency exchange rate fluctuations impacted comparable net merchandise sales negatively by 3.8%, or $11.0 million versus the same period in the prior year.

Sherry S. Bahrambeygui, Chief Executive Officer, commented:

"August marked the fourth month of sequential improvement in net merchandise sales. Due to the COVID-19 pandemic, our sales continue to be adversely impacted by significant shopping limitations imposed by local governments in many of our markets. These limitations vary by market, require close monitoring and we believe are generally more restrictive than what is being experienced by retailers of essential goods in the United States. We are making what we believe are the appropriate investments to continue to develop innovative ways to better and more safely serve our Members and protect our employees.

Our Click & Go™ service, including curbside pickup and delivery, contributed approximately 4.0% of total net merchandise sales for the month of August 2020. Curbside pickup is available in all markets and delivery has expanded to six markets, up from four last month. As sales generated from these new channels are building in size and scope, we continue to focus on increasing efficiencies, consistent with our Six Rights, in order to provide the best possible value and experience for our Members.

During the last week of August, we had our first "Member Appreciation Week," during which we partnered with our vendors to offer more compelling prices on certain items. We also invited existing and new Members to order online and familiarize themselves with our Click & Go service while promoting our high-quality, high-value private label products.

The Caribbean market was again the best performing segment, but gains there were offset by negative comparable sales in some markets in Central America and in Colombia. We are pleased with the performance of our new clubs in Guatemala and Panama, but, as expected, new clubs in existing markets put pressure on comparable store sales due to sales transfers from existing clubs. Additionally, we estimate that in August we lost approximately 90 club days to closures in markets where in-club shopping was not permitted as a result of the rise in COVID cases. This metric does not take into account the additional impact on through-put from government-mandated reductions in hours or limits on the days or times consumers are allowed to shop.

Our team deserves recognition for the rapid development, deployment and expansion of our Click & Go service and ongoing innovation to enhance the Member experience. We extend our heart-felt gratitude to our front line workers who we continually strive to keep as safe as possible while they do the important work of taking care of our Members."

Fiscal year to date, which includes the twelve months ended August 31, 2020, net merchandise sales increased 3.2% to $3,191.8 million from $3,091.6 million for the twelve months ended August 31, 2019. Foreign currency exchange rate fluctuations impacted net merchandise sales negatively by

2.1% or $61.9 million versus the same twelve-month period in the prior year.

For the 52-week period ended August 30, 2020, comparable net merchandise sales decreased 1.5% compared to the same 52-week period a year ago. Foreign currency exchange rate fluctuations impacted comparable net merchandise sales negatively by 1.9% or $59.3 million versus the same prior year period.

Fourth Quarter 2020 Earnings Announcement Details:

PriceSmart plans to release fourth quarter and full year 2020 financial results on Thursday, October 29, 2020, after the market closes. PriceSmart management will host a conference call at 12:00 p.m. Eastern time (9:00 a.m. Pacific time) on Friday, October 30, 2020, to discuss the financial results. Individuals interested in participating in the conference call may do so by dialing (855) 209-8211 toll free, or (412) 317-5214 for international callers, and asking to join the PriceSmart, Inc. call. A digital replay will be available through November 6, 2020, following the conclusion of the call by dialing (877) 344-7529 for domestic callers, or (412) 317-0088 for international callers, and entering replay passcode 10147692.

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 the Company experiences 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.

Club days lost means the total number of days one or more clubs are closed for an entire day because of government prohibitions on offering in-store shopping. For example, if one club was prohibited from offering in-store sales for five days during a month and another club was prohibited from offering in-store sales for two days during that month, we would say that we had seven club days lost during the month.

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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