



# PriceSmart Announces October Net Merchandise Sales

SAN DIEGO, Nov. 9, 2020 /PRNewswire/ -- PriceSmart, Inc. (NASDAQ: PSMT) today announced that for the month of October 2020, net merchandise sales increased 10.4% to \$280.3 million from \$254.0 million in October a year earlier. Foreign currency exchange fluctuations impacted net merchandise sales negatively by 3.6%, or \$9.1 million, versus the same one-month period in the prior year. There were 46 warehouse clubs in operation at the end of October 2020 and 43 warehouse clubs in operation at the end of October 2019.

For the four weeks ended October 25, 2020, comparable net merchandise sales for the 43 warehouse clubs open at least 13 ½ full months increased 4.1% when compared to the same period last year. Foreign currency exchange rate fluctuations impacted comparable net merchandise sales negatively by 3.5%, or \$8.0 million, versus the same period in the prior year.

Sherry S. Bahrambeygui, Chief Executive Officer, commented:

"We continue to build on our strong start to fiscal year 2021 which is fueled by many of our new practices and improvements that we planned for and set into motion during the prior year and a half. We experienced continued growth in net merchandise sales and positive comparable sales in October even with 20 club days lost in the month. During the month, Panama, one of our largest markets, lifted their restrictions on the days clubs could be open, with no limitations at the end of October.

We also experienced continued improvement in net merchandise and comparable net merchandise sales in our Colombian and Caribbean markets. There were certain markets in Central America, however, where we did experience negative comparable net merchandise sales. As expected, the opening of new clubs in Panama and Guatemala impacted comparable net merchandise sales due to sales transfers from existing clubs.

Our Click & Go™ service, including curbside pickup and delivery, contributed approximately 3.0% of total net merchandise sales for the month of October 2020. We believe that the easing of restrictions and the reduction in the number of club days lost correlated with increases of in-club traffic, as people were provided the opportunity for greater circulation. Since our Click & Go™ curbside service is relatively new and people may be eager to be mobile when permitted, this may impact the choice to use our Click and Go™ option. Meanwhile, we have seen our Click & Go™ delivery service increase and become a larger proportion of our total Click & Go™ service sales.

We believe that over the long-run, Click & Go™ curbside and delivery service and online shopping will remain important alternative shopping methods for our Members as will the desire to shop in our US-style warehouse clubs which is an important part of the PriceSmart Membership experience. Curbside pickup is available in all of our clubs in all markets, and we recently expanded delivery options to all 13 markets in the latter part of the month, up from nine last month. We continue to focus on increasing efficiencies with our new sales channels and providing increased value for our Members, enabling them to leverage their membership over multiple shopping platforms.

Although October showed improvements in terms of clubs being open and mandated restrictions being eased, the potential for future restrictions remains, including days of club closures. We are focused on and are preparing for, various scenarios that could arise in upcoming months. The results we are experiencing today are a combination of improvements to our systems that were being developed pre-COVID, the new capabilities that were executed during COVID, and our team's ability to adapt and better serve our Members' needs in a very dynamic environment. Our team is stronger for the experience of the last several months and we believe we are well positioned to continue to turn challenges into opportunities to drive additional growth."

Fiscal year to date, which includes the two months ended October 31, 2020, net merchandise sales increased 7.5% to \$538.4 million from \$500.7 million for the two months ended October 31, 2019. Foreign currency exchange rate fluctuations impacted net merchandise sales negatively by 3.6% or \$17.7 million versus the same two-month period in the prior year.

For the 8-week period ended October 25, 2020, comparable net merchandise sales increased 2.2% compared to the same 8-week period a year ago. Foreign currency exchange rate fluctuations impacted comparable net merchandise sales negatively by 3.5% or \$16.0 million 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 December 2020.


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 flows, omni-channel initiatives, 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 in the Risk Factors section of the Company's most recent Annual Report on Form 10-K, and other factors discussed from time to time in other filings with the SEC, which are accessible on the SEC's website at [www.sec.gov](http://www.sec.gov), including Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. 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](mailto:ir@pricesmart.com).

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